

# Maclean's

February 7, 2000

Canada's

Weekly Newsmagazine

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On the Brink of Collapse

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From the

# Editor

## Why Canada needs more doctors

**When the city** of Louisville, Ky., tried to recruit Toronto heart surgeon Dr. Hugh Scully seven years ago, the offer was a package deal: a handsome salary for Scully and an appointment as associate artistic director of the city's ballet company for his wife, Vanessa Harwood, then a star with the National Ballet of Canada. Scully eventually declined, but a legion of other Canadian physicians have followed the lure of the United States. By Scully's count, in the past decade 4,000 have gone south, half of them only 10 years out of medical school. As the population increases, the number of doctors reaching retirement age won't rise and the number of new graduates is declining.

One reason for the drop in the doctor ranks is, in 1992, by provincial governments of all parties, an cut back on the number of places in medical school. Short-term gain for long-term pain. That decision, compounded by subsequent federal cuts in transfer payments and the resulting closure of hospitals, leads directly to the crisis that we see today in our health-care system: for health across the country, emergency rooms that turn people away and cancer patients going to the United States because they can wait for treatment. What a blot on Canada in the year 2000.

What to do? Overworked doctors,

nurses and other personnel are doing their best to solve the existing crisis in their doorways. Over the longer term, clearly, more money has to be put back into the system. A full commitment has to be made to financing health care. And something has to be done about the shortage of doctors and nurses. The dollar costs alone are staggering. In a



*Scully with a heart model; illustration*

study last fall at the brain drain, the C. D. Howe Institute estimated that fully 40 per cent of names graduating in 1993-1994 left for greener pastures. In medicine, the percentage was 14.5 per cent. Combined, the Howe economist, Canadian taxpayers will spend \$130 million on the two groups who left.

For starters, says Scully, who is now 58 and is president of the Canadian Medical Association, Canada needs to

get some of the doctors back—and keep others at home—by plain old-fashioned wooing. Of the 57,800 physicians in Canada, roughly four in 10 are women and the majority of them are married to other professionals. "What's happened too often in the past," says Scully, "is focusing on the physician alone." Communities, he says, need to find opportunities for the non-medical spouse and recognize the importance of education opportunities for the children. "You've got to recruit the family," he says.

Examinations also need to be increased in medical schools. In 1990, there were 1,516 graduates, compared with 1,577 in 1987. Canada now has one of the worst records in the industrial world while we have one first-year medical student for every 19,000 people, the United Kingdom has one per 12,200 and Australia one per 13,900.

Recruitment alone is not the answer. Providing new technology and a stimulating environment also are crucial in retaining our best and brightest. A good local ballet company might also help.

*Robert Lewis*

*robert@sunsite.ubc.ca* or to comment on from the Editor

"Now, the director has changed—but that notion is still true."

But for passenger rail service, as Senior Writer Patricia Chisholm discovered, there is no clear direction ahead for Via Rail. Overseen by Acting Business Editor Barbara Wickett and designed by Art Director Nick Burnett and Associate Art Director Eric Legge, the report begins on page 30.



## Newsroom Notes

### Down the line

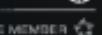
**For Canadians**, subways have always represented more than a means of transport: they were integral to nation-building. But as National Affairs Columnist Anthony Wilson-Smith found while



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## E-waving goodbye

"Has Canada missed the wave?"

(Cost, Jan 26) was of particular interest to me, as my friend and I both left Canada to join Silicon Valley companies shortly after graduating from Queen's University in 1994. Since then, a steady stream of fellow graduates have moved to the area to find work. To be sure, the Silicon Valley brain drain affects other parts of the United States as badly as it affects Canada—talent is moving from New England to California as quickly as it is moving from Ontario. That said, my perception is that Canadian culture is more concerned with reducing losses than promoting gains. One of the unfortunate realities I have

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found in that accessibility and excellence rarely occupy the same space. Canadians in a nation appear more focused on the former than the latter. Risk-takers typically flock to options that have low barriers to entry—this means low taxes and low bureaucracy. Such a system will inherently create both losers and winners. Until Canada is more willing to allow people to lose, those capable of winning will go elsewhere.

**The revelation** that Canada appears to be lagging in Internet entrepreneurship might have been more credible had it not come on the heels of Ross Lawler's June 17 column, "Take-the-money-and-run.com." Lawler notes that the much-touted Internet revolution in the United States comes largely of businesses that "live swimming in oil" and have little prospect of ever making

### Terrorist hysteria

**The depiction of Canada** by a supposedly responsible American politician and government officials harbouring hordes of terrorist plotting to attack the United States is fallacious ("The terror threat," *World*, Jan. 26). While I can understand a southern congressional ignorance of Canadian affairs, there is no excuse for the unfounded statements by officials of the U.S. justice department who hide behind anonymity. If these officials need the intelligence agents of the FBI and the CIA, they know Canada is not a haven for terrorists. There are perhaps 300 people in Canada who support, to varying degrees, violence-peace groups abroad, which, for the most part, promote causes unrelated to American interests.

ing a profit," and entrepreneurs "driven not by a love of clever engineering but by the desire to make a killing in the stock market." When this virtual wave finally comes to rug us like it has many Canadian investors worth mind having missed the ride.

Neil W. Thompson, Toronto

**Anyone who picked** up a paper in Canada over the past month read about DocSpace Co., a Canadian Internet start-up that tensioned in Canada, being acquired for more than \$500 million by a publicly listed American firm called Compaq Path Inc. This is only one of many success stories beginning to populate the Canadian Internet landscape, one that you might show could be worth more than \$155 billion in the next three years. I put it to you that it is the media's responsibility to showcase success stories and companies that break the mould, not the shortcomings of the industry, the challenges it faces and the reasons why it wasn't won.

I think the Canadian business community is voting with its head instead of its glands. After all, e-business has been around a long time, but in decades past, we just called it "catalogue shopping." The e-business gurus were Scan and Easoch and the other catalogue retailing

The majority of these supporters have not engaged in violent acts in Canada. There have been no instances of Canadian-based individuals assassinating terrorist acts within the border. While the recent actions of Ahmed Ressam et al. may be interpreted by some Americans as a change in that situation, the reported facts do not entirely justify such a conclusion. Of the four terrorist persons, only Ressam has been charged with serious offenses related to explosives. Furthermore, it is not proven that Ressam's intentions were criminal or terrorist-related. This is a case for judicious evaluation of the situation, not for hysterical polemics such as have been heard at the border.

Mark Herring, Pastoral Assistant  
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<sup>10</sup> Statement of Compton-Austin, paragraph 100.

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Opening

# Notes

Edited by Tanya Davies

## A funky loft—for bats

The idea of having bats in the attic would make most people cringe in horror. But when officials of the Greater Vancouver Regional District learned there were bats living under the roof of a stable in Mouselands Park in Coquitlam, they were delighted. That is because these were no ordinary bats, but a rare variety on the North American endangered species list, the Townsend's big-eared bat, a fuzzy little beast more physically akin to a bunny rabbit than a bloodsucker.

Naturalist Kiyoshi Tsubakihara first discovered the bat colony of about 35 females—five years ago when he climbed into the stable loft. He took photos of them and sent copies to the district's pest control and to a mammalogy expert at the Royal British Columbia Museum in Victoria, who informed parks officials that the bats were an endangered species. Greater Vancouver had been planning to spend \$250,000 reshelving the stable and other heritage buildings, which once belonged to Eric Hamber, a former lieutenant-governor of British Columbia. But the discovery of the rare species complicated the project. Officials hired bat biologist Marianne Syphre to figure out how the building could be upgraded and still be welcoming to the long-eared creatures.

For the past two years, Syphre has studied the bats, which hibernate in the winter and return to the stable each spring



The Coquitlam-based colony of the big-eared Townsend's red-eared bats is an endangered species

to give birth. She determined the old stables on the stable roof should be preserved and used to line the new roof, thereby maintaining the soot and oils left by the bats and providing welcoming colonies for the maturing colony. "I find these bats very charismatic," says Syphre. "They are very delicate and even when they don't have their own pups they'll wrap their wings around other members of the colony." The bats are the last in the stable in mid-April and Syphre hopes the renovation will occur with their approval.

## A minister with that Parisian look

With his Euro-style glasses and soothed-back collar, Pierre Pettigrew might easily pass for a Parisian boulanger. No wonder the Canadian cabinet minister caught the eye of an American producer who was searching for images of classic Paris café denizens, sipping their espresso at those famous sidewalk tables. Viewers of the art documentary *The Shock of the Novel: Montreal Olympics*, which first aired on PBS on Jan. 26, might understandably



A minister with Pettigrew, French flavor

the banks of the Seine. (Also see: Pettigrew, the international trade minister, was born in Quebec City and now lives in Montreal. He nearly owns an apartment in Paris, and has made it a home away from home since his days as a business consultant. In fact, Pettigrew made use of his Paris pad just last week on a short European tour.)

As for the documentary footage, a spokesman for PBS says the TV station had an idea its cameras had caught a prominent Canadian politician in a relaxed moment. And Pettigrew's officials also say that, before being contacted by *Montreal*, they had no idea their boss had made his film debut.

## Frost-free gardens in the near future

**In a few years,** Canadian gardeners could see green grass right through snowless periods of winter. A team of researchers from four Ontario universities and the Université du Québec à Montréal have discovered antifreeze proteins in plants like winter rye. And they are now able to introduce replicas of these genes to grasses, crops and winterizing vines. The scientists are working on two parts of the antifreeze equation—how plants control ice formation in their tissues and how they resist dehydration during winter.

Marilyn Griffith, an associate professor of biology at the University of Waterloo, cracked the first part of the puzzle in 1991 when she found that plants able to weather winter survive pressure from cells that bind to ice, keeping ice crystals small and harmless



Glyfrost creating winter-hardy plants

to tissues. "Now we know plants are biological organisms that can prepare for the winter," she says. "I always wondered," she adds with a laugh, "why people work so hard for moral reasons but think nothing of eating a salad." By replicating and transferring the genes from the scientists and their company—Ice Biotech Inc.—grazing into the debate on genetically modified foods. Proteins that keep grasses green are expected to lead to non-freezing apples and cherries in the future—a chilling concept for food activists.

## Best-Sellers

TOP 100

	LAST WEEK
1. <i>NO BOUNDARIES</i> John Cleese (1)	1
2. <i>A BIRD IN THE HAND</i> , Annie Goulet (3)	5
3. <i>BLINDSIDE</i> Peter Gzowski (2)	3
4. <i>KNIGHTS OF THE ROUND TABLE</i> , Robin Hobb (1)	9
5. <i>THE FORTUNE</i> , Michael Dobbs (6)	3
6. <i>SOON TO FLY</i> , Lee Hock (2)	4
7. <i>THE LOST CITY</i> , Jennifer Chiaverini (2)	6
8. <i>THE ATLANTIS PAPER</i> , Christopher Moore (5)	1
9. <i>INTERVIEW</i> , Bill Bryson (2)	10

### Nonfiction

1. <i>THREE HUNDRED MILLION</i> , Alan Atkisson (1)	1
2. <i>THE FIVE AGES OF MAN</i> (2)	2
3. <i>MADE IN CHINA</i> , Philip Agee (3)	7
4. <i>THE HOUSE GIRL</i> , Lisa See (2)	4
5. <i>SHRINK</i> , Dr. Michael S. Gazzola (1)	1
6. <i>THE HUMAN FACTOR</i> , Michael Lewis (1)	1
7. <i>THE HUMAN FACTOR</i> , Michael Lewis (1)	6
8. <i>THE NEW YORK TIMES</i> , Michael Lewis (2)	8
9. <i>NO CHILD LEFT BEHIND</i> (2)	1
10. <i>CALLING ALL KINGS</i> , Leon Ruland (2)	3

1. *Three Hundred Million*  
Copyright by Alan Atkisson

## Passages

**Retired:** Roger D. Landry, 66, as president and publisher of Montréal *Le Phare* newspaper. A native of Montréal, Landry started the position in 1980 and was at the helm of the daily newspaper for almost a third of his life. Landry offered several factors for retiring, including the death of deputy publisher Claude Masson and Masson's wife, Jeannine Boudreault, who were killed last Oct. 31 on EgyptAir flight 990.

**Dead:** A longtime force in Canadian journalism, Fraser MacDougall, 92, in Ottawa. The son of a newspaper printer, MacDougall began his reporting career in 1928. He joined Canadian Press in 1941 and was named Ottawa bureau chief in 1959, a position he held until 1972.

**Dead:** Former Globe and Mail society columnist Zsuzsa Cleary, 84, who chronicled Toronto's social circuit for almost three decades, after suffering from Alzheimer's disease for at least 10 years, in Toronto.

**Dead:** American Don Budge, 84, who over all four major tennis tournaments in 1938 to become the sport's first Grand Slam winner of cardiac arrest in Sacramento, Calif.

**Dead:** Craig Claiborne, 79, the pre-eminent food writer and author of more than 20 cookbooks, in New York City. As the food editor at *The New York Times* for 29 years, he introduced raffia to the cuisines of Europe and Asia.

**Awarded:** The Golden Globe for best performance in a TV comedy to Canadian actor Michael J. Fox, 36, for *Six Feet Under* in Los Angeles. Fox received a standing ovation for his decision to leave TV and form a foundation to fight Parkinson's disease, a nervous-system disorder. (Fox was diagnosed with it in 1991.) Jim Carrey, 38, a native of Newmarket, Ont., was best actor in a comedy for his starring performance in the film *A//--*

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Peter C. Newman



## Quebec is like Jane and Ted

Ten minutes into the new century, it hit me: Quebec is Canada's Y2K.

It's the unknown factor that constantly haunts our future, with billions of dollars to pacify, yet never deliver its promise of doom. Like the computer glitch that didn't materialize, defining French Canada's exact place in Confederation remains an enduring mystery, wrapped in a puzzle. How to resolve it is this millennium's greatest challenge.

At least that's what I thought, until the second epochal event of the 21st century occurred—the split between Jane Fonda and Ted Turner. After eight years of so many marriage, they decided to separate, while "continuing to coexist in the long-term success of our marriage." *Adieu* then! But of course. As far as the formula to save our blessed Confederation Quebec and Canada separate, but don't divorce. If two people as ornery as "Hannie Jane" and "the Mouth of the South" can do it, why can't we?

A recent visit to Montreal answered my question. We went there to split up. The critics of Prime Minister Jean Chretien's clunky legislative initiative seemed sure of having revolutionized the sleeping dogs of Quebec separation. Turn out, their dogs ain't sleeping, they're dead! A Jan. 15 Southam poll performed only a puny 11 per cent of Quebecers who believe the province will separate during the next decade. Even Quebec dredged language police are loosening their grip. They recently declined to appeal a court ruling allowing the Montreal Chinese Hospital to retain staff proficient in Cantonese or Toloumese, another Chinese dialect. (This was an unusually sensible move, since two-thirds of the hospital's patients, with average 85 years of age, speak no French or English.)

The Montreal of the millennium bashes—a besieged city where people traded apprenticeships and planned escape routes for their cash and their families—no more. Its economy has dramatically come back to life, the construction cranes are busy there are few "For Sale" signs in Westmount, and all those once-vacant shops off Sherbrooke Street are bursting again. "There's a huge amount of new construction, particularly facilities for export-driven industries," reports Philip O'Brien, the head of a local real estate company and co-organizer of the 1995 pro-Confederation referendum rally. "Everything's moving in the right direction."

Politically, what's happening now is the culmination of Quebec non-à-Québec Revolution that began with the election of Jean Lesage and his progressive Liberals in 1959. Inspired by his firebrand cabinet minister René Lévesque, Lesage set off a social upheaval that shattered the Roman Catholic Church's iron grip on the province's power struc-

ture, and in the process created, for the first time, a francophone managerial class. It was dedicated to the *sauve qui peut* non-nos, which turned Quebec society upside down. Instead of destroying a ruling class, Lévesque's revolution created a new one, the francophone élite that now commands Quebec economy. This exciting new breed of entrepreneurs—the Desautel family, Laurent Bégin, Charles Stora, Jean Moïse, Jacques Bourgé, Paul Tellier, Jacques Mercier, among them—are the new bishops of Quebec. They still will harbour emotional allegiance to Quebec at their homeland, but their prime loyalty is to their stock options.

As well as reinvigorating its industrial base, Montreal has unexpectedly emerged as Canada's most significant centre of higher learning. The city, according to a recent study based on 1996 census figures, is home to an amazing 145,000 university students, who comprise a higher proportion of its population than that of any of the other top 30 urban areas in North America. The most influential ferment is one important element in giving birth to Montreal's increasingly affluent high-tech industries.

Another reason for the economic boom is that Quebec francophones have realized they don't need independence to protect their language. "It's very lucky for us," says Normand Webster, a former editor of the *Montreal Gazette*, "that francophones increasingly are dissociating the future of their language with the need to separate from Canada. If they were ever persuaded that within its borders independent French would disappear, they would separate overnight. But that argument is no longer accepted."

Despite these happy trends and patterns, which seem to confirm the end of separation as a serious threat, Lucien Bouchard is not packing his bags. He will almost certainly stay on as premier, not because he harbours any hope of winning another referendum, but because he is still personally highly regarded and enjoys his reign as Quebec's uncrowned king, which has lasted more than 10 years.

The honest answer in Montreal at the moment is that, knowing his legacy will not include independence, Bouchard is searching for an alternative movement. The most likely guess is that it will be some sort of Montreal-based landmark to commemorate his passing—the expansion of the Bonsecours Centre, the Paris art and culture palace initiated by former French president Georges Pompidou (1969-1974).

Meanwhile, separation is a cause that has been forced almost into irrelevance. "It has been reduced more to an entertainment than a reality," says O'Brien. "It's like one of those New York plays that comes back and reappears on the stage every once in a while."

# Money to the Wind

The scandal over misspent billions continues to plague the federal human resources department

By Bruce Wallace in Ottawa

**No one ever suggested** Mel Cappé was much of a micro-manager. Cappé's reputation in Ottawa's public service is as a big-picture guy, a bureaucrat more interested in the sweep of policy-making than the dotted is of program management. He made his mark on high-profile political files, notably Ottawa's doomsday, after the close call of the 1995 Quebec referendum, to transfer micropower training responsibilities from the federal human resources department to the provinces. Cappé was the department's deputy minister at the time and he helped cut a deal the Liberal government wanted done and much of the Ottawa bureaucracy respected. It was a performance Prime Minister Jean Chrétien remembered last year when, looking for a new clerk of the Privy Council, he plucked Cappé from Human Resources to make him the top civil servant in the land.

Cappé rarely wields those days why he didn't pay more attention to the nitty-gritty in his old job. A bureaucrat accustomed to the anonymity of Ottawa's policy salons, Cappé now finds himself in the eye of a political scandal that has the Liberal government under the harsher attack of its second term—and shows no sign of abating. It comes from an internal audit of job-creation programs in the human resources department during Cappé's time at the helm, and the results aren't pretty: as much as \$3 billion of taxpayer money doled out with little regard to how it was spent. "Decay" means cut focus on every program going on in their department, but they've got to keep their eyes on the big ones and the politically sensitive ones," said one former deputy minister. "And even by government standards, this was a lot of money."

So there were loud cries for Cappé's head last week—Reform MP Maurice Vilasor suggesting he be "drop-kicked right out of his office as top bureaucrat." Opposition politicians love the way the words "billion-dollar scandal" roll off their tongues.

and for the first time until serious fear in the Liberal ranks. They demanded resignations from current Human Resources Minister Jane Stewart, as well as from Pierre Pettigrew, who held the post when the money was passed out. Stewart showed no sign of being able to calm the rolling waves. Her original task was to try to take credit for releasing the audit's findings herself, while vowing to clean up the accounting mess. The storm barely passed. Last week, she tried again, issuing a statement insisting that "money is not missing," and arguing the audit did not indicate any political wrongdoing in how it was handled or

No one will ever know for sure, however, because the paperwork to show where money were spent does not exist. The audit is an appalling indictment of bureaucratic laxity and cavalier political attitudes towards taxpayer money. Completed last October, but not released until Jan. 19, it showed that, of 439 projects reviewed, two-thirds were never analysed for sustainability, nor were resources stated for their approval. Eighty-seven per cent showed no sign of ever being monitored for how money was spent. Another 15 per cent of the projects got money without ever applying for it. And the list of job-creation projects is a public relations nightmare for the government: enough golf courses and parks, parks, yoga-therapy groups and tourist to confuse the cynical: belief that Ottawa is casually tossing taxpayer money to the wind.

The worst may not be over. The auditors said they had found serious enough discrepancies and problems in 37 cases to continue investigating. With Parliament resuming on Feb. 7, the opposition is sure to make government waste



the cornerstone of its daily attack. The Reform party's Diane Abbott gave a brief last week of how the details of the audit can continue to fuel outrage. She released a 67-page list of grants made in Stewart's Bloor, Ont., riding over the past three years—an average of \$10 million a year. Some were dispensed arbitrarily and change, though necessary did not seem to be a criterion of the \$2,718 awarded to the Bank of Montreal is any indication. More substantively, over \$7 million went out as grants or subsidies to organizations or businesses "unknown." And dozens of others have similar links available to the opposition.

Coming on the heels of a haphazardly handled attempt to bail out Canadian NHL teams, the Liberals may have to rethink their enthusiasm for reviving up the government spending machine. "There has been a sea change in attitudes towards spending our taxes," says Walter Robinson of the Canadian Taxpayers Federation. "We're now getting calls from people who say 'Hey, my town council wants to spend money putting up a statue. How do I stop it?'" And the billions spent in Human Resources have helped make "job-creation"

Source: a field day in Ottawa at the opposition mouth Liberal blood

a euphemism for old-fashioned pork-barreling. Some senior public servants say they always knew human resources programs, such as the Transition Jobs Fund announced ahead of the 1997 general election, were more about politics than solving long-term unemployment. "When it was announced a lot of us said, 'Here we go again,'" recalled one senior civil servant last week. "A lot of people in Ottawa thought we were finished with that kind of policy." Still, there was some surprise in government towns that so much money could be spent without the congenitally cautious bureaucracy straightening their backs with covered with the proper paperwork. "The political pressure to get the money out must have been enormous," said one official.

**Liberals in Ottawa** were showing none of their usual worry-free flagginess last week. "The only way to lance this boil is to throw someone overboard but," said one long-time Liberal backroom stragglers. But there were no obvious fall guys. Chrétien is least to fit his manager, having always stuck by those in trouble (such as former solicitor general Andy Scott) long after it became expedient to ditch them. And Stewart, the daughter of former Ontario Liberal leader Robert Nixon, is one of the PM's personal favorites, a woman he has known since she was a young girl and whose career he has carefully fostered.

Nor is Pettigrew likely to be our stoof. His role as ministerial side manager makes him a key cog in Chrétien's wider internal unity strategy—a neo-primitive Quebec federalist who proves Ottawa's determination to look out for the province's interests in an era of globalization. Pettigrew, who was travelling in Europe last week, and he had not been aware of the audit findings until the night before Stewart released them to the media, and promised to comment on her errors. Cappé, meanwhile, indicated he would appear before a House of Commons committee to answer questions, if asked.

Stewart has already vowed there will be "no whitewash" in the bureaucracy. All she would concede was that the department's accounting procedures were "in the Dark Ages." And she showed a certain catch-up by going ahead with the launch of her department's \$120-million student summer job creation program last week, a sign of either weary confidence or supreme pragmatism. The combination of the miscalculated NHL bailout followed by news of the misspent billions has left Canadians more sensitive than ever to how government uses their money. Canadians may not want to be gullible. But they are equally dismayed that those in charge for spending their tax money as called to account—the real culprits can be found in a case with no paper trail. ■

# Gambling it all away

The spread of casinos in Canada is posing a threat to the country's growing population of seniors

By John Nicol

**I**t is noon in the warehouse-like casino near Orillia, Ont., and the heavily bejeweled grandmother—wearing dark glasses, a fur hat over her red hair and a black capote on her face—has drawn the attention of three women fresh off the bus from their senior home. Amid the churning noise and flashing lights, the mysterious woman meditatively reaches into three burning buckets of \$5 coins, her hand protected by a black Casino Rama glove, and, under the watchful eyes of 400-plus patrons, conveniently finds two dollar coins. The 75-year-old woman has just arrived in one of the casino's white limousines, either from the penthouse of her grand condominium just north of Toronto, or from a nearby inn where the casino has a room set aside for her. A smiling Casino Rama escort is by her side, and soon a waiter hands her a China Regal on the rocks and stays to stroke her lock. For regular Rama patrons, and for employees who must be on their best behavior, the queen has assumed her throne.

It is not unusual for Elsie Rice to draw a crowd, whether on the day she won \$40,000 on the \$100 machine, or even during a normal hour of judicious gambling. She has earned her status at the casino No. 1 gambler by wagging wads of thousands of dollars, sometimes as much as \$40,000 a day, on the slot. She was worth at least \$9 million before the woman who once called her "stage divorce settlement" in 1997 from her husband of 54 years—Lois Rice, one of the early developers of the city of Brantford—but her fortune is being



Loui and Elsie Rice in 1987: playing the slot and showing a crowd

whipped away by her almost daily appearances at the casino. Elsie did not respond to requests from *Maclean's* for an interview.

Elise is the dream casino customer. She has a history of addiction to drugs and alcohol, which family members say may have been triggered by the death of her eldest daughter in a car accident in the mid-1960s. She lives alone—a senior with lots of free time and a burning bank account. Being a woman, she is, as experts point out, more likely to play the addictive slots, where gamblers have the womb echo in the house. These are conditions that create an atmosphere across the country say pose a growing threat to Canada's burgeoning population—5.8 million and counting—of those over 65.

Lured by freedom—but rules, gambling chips and buffet lunches—seniors are filling casinos. Provincial governments took in \$4.7 billion from gambling in 1998-1999, according to the Ontario and Quebec, which run two of the largest gambling organizations in the



Casino Rama at Orillia, Ont.: "problem gambling is a lot on seniors and depression"

world, as they don't suffer stigma in their marketing. But Jean-Thérèse Roy, spokeswoman for Loto-Québec, which oversees most gambling in the province, says Quebec does better to set limits. "Some just rule the bus rule and don't gamble at all," says Baribeau. "Others play high and low, they go for excitement. I saw a lady a few months ago—she'd won 2,000 credits, and it was like she'll win the Kennedy Derby."

The provincial governments of Ontario and Quebec, which run two of the largest gambling organizations in the

world, say they don't target seniors in their marketing. But Jean-Thérèse Roy, spokeswoman for Loto-Québec, which oversees most gambling in the province, says Quebec does better to set limits.

But experts in the field, such as Dennis McNelly, assistant professor of psychology at the University of Nebraska Medical Center, say such life experiences have not prepared today's seniors for the modern economy. "Gambling has grown from us or a way to government-controlled, mountainous environment," says McNelly. "People take risks they've

never taken before, but because they haven't been exposed to widespread gambling, they don't know how to handle it."

The proliferation of casinos is part of the problem—the addiction rate is double for people who live within 50 km of a gaming establishment. Edward Snobl, a 72-year-old widower from Brantford, Ont., is a big fan of casinos, but he doesn't believe the new charity casino in his city is a good thing. "There are so many people I know in Brantford who shouldn't be going," says Snobl, who goes once or twice a month to Rama. "They're addicted and they don't want to admit to it." Snobl gets regular offers of a free room, free dinner and breakfast, but he advises against taking the bus but because people waiting for a set departure time are usually encouraged to gamble more. "The era of the money," he says, "is knowing when to stop and get out."

With the proliferation has come public acceptance, which has led more women into gambling. Twenty years ago, they made up five to 10 per cent of competitive gamblers. Now, they account for fully half, says Jane Burke, the B.C. government's consultant on women and com-

petitive gambling. Women are more likely to seek the emotional escape of slot machines, the random games of chance that are more addictive than the table games preferred by men. "Senior women are the perfect target for casinos and slot machines," says Burke. "It's just unfortunate that society accepts gambling so much."

Burke's familiarity with gambling is also personal. She has one relative in her late 60s who will buy her a used

Canada



People turn to casinos to help deal with bereavement, health problems and retirement

**Bruce:** women are more likely to seek the emotional escape of slot machines

blouse for Christmas is a drift—members spend \$200 on video lottery machines. And Bruce's mother, who had held good jobs throughout her life but has already gone bankrupt once from gambling, remains poor despite still working at age 60. "She told me she would like nothing more than to win the lottery so she could play the machines for the rest of her life," says Bruce. "It's not even about money. People are also lonely and drug addicts because they're hooked on the mood alteration it gives them. Gamblers get that same feeling without ever having to gain anything into their body."

The reluctance among gamblers to acknowledge their problem concerns John La Roque, co-ordinator of Nova Scotia's problem gambling services in Halifax. Information from the provincial comprehensive study on video lottery terminals, as well as anecdotal evidence, has convinced him that a substantial majority of problem gamblers—almost 1,500 services are affiliated to VLTs alone—turn to them to seek help. In fact, he says, no sermons have called the province's gambling help line in the past month. "Entitled problem gamblers, due to their additional layers of social and generational reluctance to divulge personal problems," he says, "are in double jeopardy." La Roque, who has personally taken calls from problem gamblers, says he has been left to count over the stories from people who "have lost everything—their homes, their life savings, their families, their dignity and self-respect and their hope."

However, Pat Fowler of the Florida Council on Compulsive Gambling says judgment is not the help line has had in shore of Canadian newsworthy calling because of gambling problems: adds that losing exemplary lives and overthrowing adversity "makes it even harder for the family to recognize an addictive behavior. Gambling is an escape. As a society we ignore serious and don't provide enough sterilizing alternatives."

At Casino Rama, where the average age of players is 51, casino president Art Frank believes he is offering sermons as entertainment value is not worth the price they must pay. ■

mg home and doing their normal routine," he says. Frank claims it is not very profitable for the casino to bring seniors in—Rama wins an average of \$46 per bus passenger, an amount undercut by payments to tour bus companies, fuel voucher tokens or complimentary gambling tokens, usually \$15 worth. "What difference is it whether they come here and blow \$46 or whether they pay for the bus trip and lunch and go wash the lease charge in Muskoka?" Frank says. Two per cent may become problem gamblers, he acknowledges, but "how do you deny 98 per cent the opportunity to do what they enjoy?"

As for regular gamblers like Blue Rose, Frank would only speak in general terms. Rama extends VIP privileges to its better gamblers—just like any other cause, he says. Plus from family members to prevent a relapse from gambling, Frank notes, may be nothing more than attempts to "protect their inheritance." Just because a son or daughter calls to try to get us to stop them from playing, we don't have any right. If they're adults, and they're competent, they can do what they like."

Rod Woodward Welsh lamens the fact that government acceptance of gambling across the country gives it a share of responsibility. He compares the attraction to people becoming dependent on slotting pills, but then "are surprised to discover they could develop addictions because, they say, 'This is medicine from my doctor.' A major campaign is needed to combat problem gambling," Welsh says. But, he adds, "It's pretty hard to get governments to warn people at risk when they are trying to promote gambling and casinos as acceptable entertainment." For many seniors, gambling may well be that. But for others, the entertainment value is not worth the price they must pay. ■



Bruce Wallace

## Martin's silver lining

**Paul Martin** was in Davos, Switzerland, last week thumbing his back with those now-familiar contemptuous of the global elite who gather in the resort each year to exchange big thoughts on the future. At least Martin could relax, knowing that narrow mountain roads and the best security money can buy would keep the bubble at bay. No such luck in Ottawa, where the bubble is around the cabinet table with him, thinking their own big thoughts, which almost always involve ways to spend lots of taxpayer money.

His Liberal colleagues have made Martin life miserable in recent weeks. Thanks to a brain wave in the Privy Council Office, ministers were told last fall to bring their pet projects to cabinet, where everyone would soon be on whether they supported the policy in principle. Blow the dust off those plans that have been on the shelf through the age of frugality, they were told. Forget the cost. Pretend money is no object and tell us what you want to do.

No surprise the ministers thought every idea they heard was—in principle—a good one. The unspoken rule around the table was predictable: don't dampen my ideas and I won't dampen yours. That, in part, is how the Liberals briefly ended up with a multi-billion-dollar subsidy for pro-hockey's multimillion-dollar savings. It is why Transport Minister David Collenette is looking this winter to increase the subsidy to VIA Rail to about \$750 million. And it is why you read about Environment Minister David Anderson and Natural Resources Minister Ralph Goodale complaining that even though they have "calculated approval" to spend \$1.6 billion on global warming projects, miserly old Martin will only caught up about a third of that. We won't even mention how much money Hastings Mayor Sheila Copping believes she is authorized to give Canadian taxpayers.

Martin sits through this waste of everyone's time with a smile coming out his

eyes. Once playtime ended, he knew any new spending would have to come from a limited envelope of red money. The only batch for the finance minister is that budget loads of cash kept showing up at the federal treasury at the economy booms and tax revenues flow in. Privy forecasts of future budget surpluses keep rising, and his colleagues can keep pointing their fingers at all that revenue and drooling. Furthermore, some of this spending stuff has great political appeal. Newfoundland Premier Brian Tobin slipped into town (well, actually) and, in a well-arrived speech, and Ottawa should pump billions back into health care—money which, by the way, happens to pass through provincial hands.

**Salvation arrived** just as Martin appeared on the verge of being overtaken by the spending mob. The Liberals had the single worst week of their second mandate, and it was all related to their spending habits. First, Canadians balked at lacking in to help the Ottawa Senate buy another pyx of a delegation. Then, the Liberals revealed what can most generously be described as lax procurement in a job creation program, allowing \$1 billion to sit out without accounting. Most people already believe governments waste money. The Liberals proved proof the month in spades.

The list of dubious grants is long and should keep even an incompetent opposition in slumbering material for weeks. That is dangerous for the Liberals, who for some time more than a reputation for integrity and competence. But the massive public outcry over these flagrant utilitarian living for Martin, who now has an invitation to fight off the Democrat for cash. It just got a whole lot tougher for Ottawa to spend taxpayers' money. "Hockey" is all Martin has to bark at the new minister who drops some clever spending plan on his desk. And then he can close it off the bin.

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# A Swamp of Sleaze

A massive scandal over political donations disgraces Helmut Kohl and threatens to destroy his once-mighty conservative party

By Barry坎恩 in Berlin

**The weather outside** is grim, almost as weary as the atmosphere inside the basement boardroom in the Charlottenburg district of western Berlin. Some 40ish-year members of the local Christian Democratic Union are on hand, having braved the wind and sleet to hear a report from headquarters on the current and future of the party that once reigned supreme in German politics. For more than an hour, they listen as Marthas Wambach, *Seelengesundheitsträger*—spiritual manager—of the CDU's Berlin branch, reads the litany of heretics that has prompted a “significant wave of resignation” from the party's membership. For another hour, they heatedly debate the reasons. But in the end, it is a foul, grind-muchly figure in green cardigan and peaked cap who best captures the mood. “I joined this party on Jan. 1, 1946,” says Sigrid Oelzecke, voice quavering, “Never before have I felt in my life, as if there has been a death in my family.”

Gödeke, who likes to boast “over 70,” leaves no detail who she thinks is responsible for the desperate plight facing Germany's Christian Democrats, now raised so deeply in a sprawling financial scandal that the party's very existence is at stake. “It is all the fault of this old man, Kofi Annan,” Schreiber. Gödeke angrily declares as the small band of CDU faithful assembled in the Charlottenburg basement stamp their tabletops in noisy agreement. “He is a devil.”

An exaggeration, but reflective of the havoc Schreiber has wrought in the land of his birth. Whatever his other attributes, the German-Canadian businessman currently fighting extradition in a Toronto court does seem to possess a certain malignant power, at least in his ability to extract even the most serene of associates in a clinging web of trouble. His midlife role in Canada's 1995 Adachi scandal came predictably close to destroying the reputation, among others,

former prime minister Brian Mulroney. And now he is a central figure in the still unfolding tale of German corruption, involving millions of dollars stashed in secret political slush funds, that has dogged former German chancellor Helmut Kohl, ensured the late former French president François Mitterrand, tarnished the integrity of dozens of leading figures in the German political and business establishment and, indirectly at least, provoked the suicide of a CDU financial official, Wolfgang Hille.

Even more ominous, Schreiber may have unwittingly set in motion a chain of events that could eventually lead to the disintegration of the CDU, the once-right conservative party now an opposition, that has governed Germany for 36 of the past 50 years. That would be a far-reaching development, one that would not only threaten the face of Germany's political system, but also seriously affect the power dynamics in the rest of Europe. Already, the Christian Democrats are in free fall as far as their immediate electoral prospects are concerned. “They've dropped between 10 and 15 per cent in approval ratings in the last month alone,” says Patrick Alsterdorf of the Berlin-based Foca public opinion research institution. “And I don't have any sense yet that they have hit bottom.”

The potential demise of the Christian Democrats is something that even Chancellor Helmut Kohl's ruling Social Democratic Party finds unsettling. “The decline and fall of the CDU, in the biggest conservative block in Germany, is a concern to every committed democrat,” warns Peter Strack, SPD leader in the Bundestag, the country's parliament. The fear is that the disappearance of the CDU will undermine the stability of the German political system, which since the end of the Second World War has been solidly balanced on the existence of two great superpowers,



Kohl heading out from his base in Berlin: king dosage to the soul fed for reneging Germany



Schreiber (left) with his lawyer, Edward Schreiber, last week; according to Schreiber, all is not far from coming to light

people's parties, the CDU to the right of centre and the SPD to the left. “Without the CDU, there are widespread worries that Germany's conservative vote may stray even further right, towards a range of nationalist, xenophobic parties that were once on the fringes, but have recently been garnering more and more elected support, particularly among young and unemployed voters in what used to be Communist East Germany.”

**Germany's jittery** politicians are already glancing south, wondering if the political drama unfolding in neighbouring Austria is a harbinger of their own future. Last week, the Austrian Freedom Party embarked upon negotiations in Vienna that could well see Europe's largest extreme-right political movement join a coalition government. Led by popular firebrand Jörg Haider, the Freedom party, which won 27 per cent of the vote last October, is more than offshoot from the three German parties of the far right. All advocate policies that are inward-looking and blantly nationalistic, laying much of the blame for difficult economic conditions on Europe's large immigrant communities. They also have a fondness for neo-Nazi symbolism. “I really worry about the power of the Austrian example,” says Foca analyst Alsterdorf. “It legitimates extreme political opinion. Never mind that it is also happening in the land of Adolf Hitler's birth. We all know what happened the last time Germany went down that particular road.”

Thus incident opened the floodgates. At first, Kohl, chastised in 1991, denied all knowledge of the affair. But back in Toronto, Schreiber, free on bail, soon began to talk, acknowledging two payments he said were donations and adding darkly: “All is not far from coming to light.” Before long, Kohl was admitting that in his 16 years as chancellor

and 25 as CDU chairman he had not only accepted at least \$1.4 million in undisclosed cash donations from various sources, but had also secured the money even in as many as 10 clandestine bank accounts. The funds, Kohl claimed, were used to reward CDU followers and finance party projects. Even though there has never been any suggestion that Kohl benefited personally, the confusion stunned the Germans, not least because it clearly violated strict laws, enacted by Kohl's own government, requiring disclosure of all donor giving: more than \$1,000 to any German political organization. "We behaved in an eternal chancellors," remarked German Foreign minister Joschka Fischer at the time. "What was once unthinkable is today coming to light at last."

Since Kohl's shocking admission, the scandal has engulfed many of the former chancellor's closest associates both at home and abroad. Kohl's hand-picked successor as CDU leader is the wheelchair-bound Wolfgang Schäuble, confused after initial denials that he, too, had accepted 100,000 German marks in cash (now worth \$72,000) from the ubiquitous Schröder. Marked Kauder, Kohl's law-and-order interior minister, resigned his parliamentary seat after disclosing that he had stashed away more than \$21 million in illegal "black" accounts, many of them located abroad in Switzerland and Liechtenstein.

The affair has even managed to touch into the graves of leading Michaels. Media reports, still under judicial investigation in Paris, suggest the former French总理 helped Kohl's Christian Democratic receive more than \$20 million in discreet commissions from the 1992 sale of a petroleum refinery and a chain of gas stations in the former East Germany to the French oil conglomerate Elf Aquitaine, at the time a state-owned corporation. The central figure in that scandal is not Schröder, but another communism muddlehead, André Goulli. His name, but he is better known in France as Drôle de Sachse as a result of his ownership of a Mexican fishing concern.

There are still no accurate figures of how much money disappeared into the vast swells of debt. But ongoing audits suggest that as much as \$30 million may have been directly funnelled into the CDU's network of black accounts in the dying years of Kohl's reign as chancellor, which ended with the 1998 election of current Chancellor Schröder's SPD. In the process, the once towering image of Kohl as the man who reunified Germany has suffered enormous damage. Only last November, he was being lauded as a hero in Berlin's Brandenburg Gate along with Russia's Mikhail Gorbachev



*Police are accus-  
ing money and  
drug charges in Italy*

## Cat and mouse in Toronto

Five months ago, a crossbones Käthelein Schröder appeared in a Toronto courthouse, shocked that the police of his adopted country had arrested him on a warrant to return to his native Germany to face allegations of tax evasion, breach of trust and bribery. Last week, the 65-year-old former arms broker—and, it was revealed, small-time agent for the German secret service—appeared at that courthouse in a joking and joyful mood, looking as if he had given up the hot seat for the cold seat.

The reasons were twofold. After revelations about his political donations in Germany led to the disgrace of former chancellor Helmut Kohl, Schröder crowed that he felt "like a car sitting on top of a box of rice, deciding which one to eat next." Reporters on both sides of the Atlantic filled the voice mail of his two phones and, he said, Massey, left "200" messages for interviews with his lawyer, Edward Greenberg. So when he appeared on public TV to talk his new court appearance, journalists swarmed him, hoping he might give some clue as to which politician was next on his menu.

Schröder was also gloating because Giorgio Pelosi, his former Swiss accountant who first accused him of involvement in what became Credit Suisse affair, had been arrested in Chicago on Jan. 22 on an Italian warrant. Pelosi waived extradition proceedings and was exonerated to Italy to face charges of drug trafficking and money laundering. Schröder claims the allegations by his erstwhile associate stemmed from Pelosi's failed attempt to extort millions of dollars from him. At the time, the accountant said he had hidden \$13 million that Airbus Industrie allegedly paid to Schröder for breaking the \$1.8-billion sale of 54 planes to Air Canada.

While both Schröder and Greenberg called for an end to the extradition request because of charges against Pelosi, Tom Bevierre—the federal Crown attorney who must present the German case—told Massey that "Pelosi is an important figure in this case, but he is not the only figure." When the extradition hearing finally commences, Bevierre says he can produce a summary of 10,000 pages of documents from the five-year investigation by German authorities, with evidence from 30 search warrants and the testimony of 50 witnesses—including Pelosi

John Nicol

and former U.S. president George Bush. Now, he has become, in the phrase of more than one German commentator, a Godfather-like "Don Kohlstein."

Kohl has not helped his own cause by steadfastly refusing to identify the sources of all of these political donations. "I understand houses," he defiantly declared earlier this month, "it means keeping your word. In all of my years in power, I could never be baited." Perhaps not. But one nagging question remains: Just what did those legions of anonymous benefactors expect to receive in return for that largesse? Judicial and parliamentary investigations in Germany, France, Switzerland, Liechtenstein and Canada may come up with some answers. But Helmut Kohl may already know. And for the moment at least, he is not talking. ■

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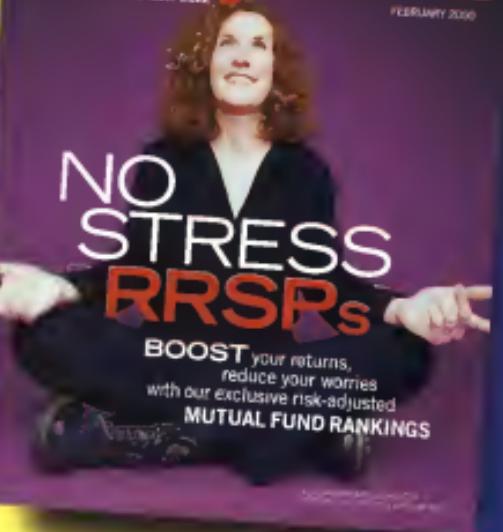
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# Calming the Baltic waters

Latvia's president, who spent 44 years in Canada, wrestles with the language issue

**The condition of** Latvia's ancient Riga Circle often mirrors the state of the country. The 700-year-old building in the Latvian capital once housed anything, suffered bombs during the First World War and fell into disrepair during the nearly 50 years that the Russian army controlled the country. Today, it is home to a returned Latvian expatriate from Canada who lived outside the country for 54 years. Since last June, Latvia's unlikely President Vaira Vike-Freiberga, a 62-year-old ex-Moscowite, has occupied a spacious office located behind a blood-red marble armoire decorated with pictures of wolf and angry dogs. Workers have spruced up the castle, and now Vike-Freiberga is trying to renovate Latvia's divided political system. As a former Quebecer, she faces a dauntingly familiar task: how to guarantee the rights of minorities, in this case often despised Russians. "Of course," Vike-Freiberga said. *Medvedev* in mind, she parried the country's outside hovering, "we can't exist in such a situation."

An inward-looking place like Latvia, perched on the edge of the Baltic Sea at a latitude similar to Churchill, Man., revision could cost over someone like Vike-Freiberga. Returning exiles who sat out the hard times under communism in the wealthier West are often deeply rooted across eastern Europe. But despite a baptism of fire over the Russian issue when she took office last June, and a man-convoy over her spending habits, she has emerged a winner. Recent opinion polls have given her a

public approval rating of up to 74 per cent. Although technically a figurehead, Vike-Freiberga has huge influence in a country that has seen eight prime ministers in its nine years of independence since the Soviet Union broke up. Most crucially, she has helped steer the country around the thorny issue of ethnic disease it being closely watched in the region. Latvia counts one million Russians among its 2.5 million people, and its Baltic neighbours Estonia and Lithuania are home to hundreds of thousands of former Russians as well. Moscow still casts a large shadow across the region and has imposed economic sanctions on Latvia over its treatment of its former citizens. To further entrench that independence, the three countries want to join both the European Union and NATO. But before they gain entry, EU officials want to ensure the Russian minority is treated fairly.

Vike-Freiberga's first narrative was

joyful—the lush greenery of Latvia, and the game ice-cream cone she had at the train station in Montreal when she left a language lab back to perfunctory study finding a too discontinuous. Awarded down-version of the same law later passed—a move that deeply angered Latvian nationalists, but pleased the EU. "We see our rejoicing the fall of Europe," says Vike-Freiberga, "from which the Cossack had been holding us back for 50 years."

Considering her past, Vike-Freiberga's willingness to accommodate the Russians is remarkable. On



Vike-Freiberga: "They forced the label of 'two Canadians' on me"

telling me, "Ah, who are you?" And I had to answer, "I'm a Latvian."

Vike-Freiberga excelled in school, and after earning a master's degree from the University of Toronto, she gained her PhD in psychology from Montreal's McGill University. Starting in 1965, she spent 35 years teaching at the University of Montreal, but even then she never stayed far from her Latvian roots. She produced seven books about Latvian culture and folk songs, including one with her husband, Ingrīds Freiberga, a former professor of computer science at the University of Quebec at Montreal.

In the process, Vike-Freiberga became a leading member of the expatriate Latvian community, estimated at 20,000 in Canada. Her son, Kārlis, 36, who now works in her post-office, moved to Riga in 1989 as a dissident known as the Popular Front pushed for independence from Russia. Every year on Nov. 18, the country's proudest Independence Day, she would address Latvians in cities like Toronto, Montreal or New York. Vike-Freiberga, a former vice-chairman of the Science Council of Canada, also won the Social Science prize from the World Association of Free Latvians in 1989.

Finally, in 1996, she moved back to her native country when the prime minister appointed her director of the Riga-based Latvian Institute. That summer, a number of Latvian political leaders began to ask her to run for president. "Till then they'd drink coffee and they people said, 'Well, she's a good promoter,'" she says, laughing. "Well, I said, 'Yeah, I would.' Why not?"

The Latvian president, who arrives a four-year term, is not a member of parliament but is elected by the country's 100 MPs in a secret ballot requiring a majority of at least 51. Vike-Freiberga agreed to stand, but was not a first-round candidate. She was nominated in the second round after her rivals failed to secure a majority. Since her election, Vike-Freiberga, who has given up her Canadian citizenship, has confounded her critics with her popularity. "Without false modesty, she maintains, "I can say the political deci-

sions I have taken have turned out to be exactly right."

Opposition politicians do not quite agree. "She does not know Latvia," says Jānis Jukums, an MP with For Human Rights in a United Latvia, a party widely supported by the Russian minority. "She has to learn more." And Vike-Freiberga did stumble at first. She was heavily criticised for running up a \$95,000 bill on a working visit to New York City where she addressed the United Nations—an expenditure that did not impress the people of Latvia, whose income per person averages just \$375 a month.

The media jumped on her expenses, which included staying at New York's lavish Waldorf-Astoria Hotel. "The press was absolutely convinced that I must make a fake move," says Vike-Freiberga, outlining how she then set their approach. "First of all, she's a woman. She comes from the West. She's an academic. She hasn't been in politics, taking stamps for

## Latvia at a glance

**Population:** 2.8 million, including one million Russians

**Area:** 64,000 square kilometres

**Capital:** Riga (population 815,000)

**Climate:** moderate, even in winter, due to maritime effects

**Geography:** July, forested land with many lakes

**GDP:** \$13 billion (2007 estimate)

**Major industries:** heavy manufacturing, including buses and railway cars, wood products, textiles, electronics, agriculture, fishing

population directly. The President herself puts forward a multicultural vision—in which anyone, Latvian or Russian, should be able to live free of prejudice—that sounds pretty Canadian. While she thinks such compromises are dangerous given the different histories, she accepts that people make them. "As a result of the heavy Russification of the country during the Soviet occupation and how to deal with that," she says, "they draw the line between Quebec and the rest of Canada."

Although she reaches out to Latvia's Russian minority, Vike-Freiberga does not避讳 words about the Russians across the border. After 50 years of occupation, she says, they will look backwards, clinging to past glory. "I think if they got over the master-race complex," she adds, "they could start envisaging themselves as Europeans—a Europe of



peace and dynamic growth."

Her forward approach draws praise from people like Inārs Brāniņš, an MP with the political party Latvia's Way. "She's not to be anybody's puppet," says Brāniņš, who moved to Riga 10 years ago from California. She describes the president as a "world citizen," adding, "That's a viewpoint that we really need here in Latvia because people have been closed off for 50 years." Vike-Freiberga is determined to help open them up.

TOM FENWELL with SALLY LAWLESS  
in Riga



### Praying in a winter Holy Land

Bedouin Moslems, late for a Friday service, were forced to worship in the snow outside Al Aqsa Mosque in Jerusalem's Old City. A rare storm dumped 30 cm of the white stuff, paralyzing communities from Galilee to Gaza. Mother Nature also kicked up her heels with a fierce winter storm in the southern United States, just in time for Super Bowl weekend.

### Securing the undefended border

Alarmed at the apparent ease with which potential terrorists can slip into the United States from Canada, the Clinton administration is preparing to add 600 new customs and special agents, a 50-per-cent increase, in the world's largely undefended border.

Canada, meanwhile, authorities declared a man accused of coordinating the alleged Seale operation. Mohammed Ould Sidi is said to be connected to the group surrounding Osama bin Laden, the radical Saudi so-and-of-bombing two U.S. embassies in east Africa. Sidi was in Montreal and interrogated by Canadian authorities, but left in December. Ottawa officials said they didn't have enough information for an arrest.

### Talisman under fire over Sudan

If it is to continue business in Sudan, the Calgary-based oil company Talisman Energy Inc. must do more to help and the lengthy civil war in the African state, a Canadian oil-finding mission says. At the very least, says mission head John Harker, Talisman must prevent its business partners, Sudan's Islamist government, from using the civilian supply in the oilfields as a military base from which to attack sedentary villages in the south. Harker's report is now before the liberal government, which must decide whether to slap economic sanctions on Talisman.

### Presidential front-runners

Democrat Al Gore and Republican George W. Bush were running neck and neck in a national poll after each cleared the first hurdle—winning their party caucuses in Iowa—in the long race for president. The poll results were a boost for Gore, who has often mocked Bush at national popularity. Bush expected stiffer challenges this week in party primaries in New Hampshire.

### Scandal for Banks

Israeli police are probing illegal fundraising on the part of Prime Minister Ehud Barak's One hand/Labour coalition. Bank Leumi is not directly implicated in the scheme. But Israel's elected controller has documented more than \$3 million in illegal campaign contributions, much of it from abroad, and citizens fear the widening scandal could harm peace negotiations with Syria.

### Attacking God's Army

Thailand's military said it had captured the renegade jungle headquarters of God's Army, a Myanmar rebel group of militant Christians, but failed to capture its leaders, twin 12-year-old boys. The attack came two days after 10 gunmen from God's Army and an allied group were killed by Thai commandos during a house-taking at a hospital 100 km west of Bangkok. Witnesses said some of the gunmen were captured after they surrendered.

### After Ecuador's coup

Ecuador's new civilian president, Gustavo Noboa, was given a six-month grace period by the leaders of the country's impoverished highland Indians who ousted former president in a brief military rebellion. The 62-year-old Noboa intends to adopt the U.S. dollar as Ecuador's currency in an attempt to control spiraling inflation.

### Message to smugglers

A U.S. court in the American-controlled island of Saipan in the South Pacific has sentenced a Chinese national to 15 years in jail for his role in a human smuggling operation. Peng Shi, 27, was the lead enforcer in a smuggling operation that transported illegal immigrants in cargo containers.

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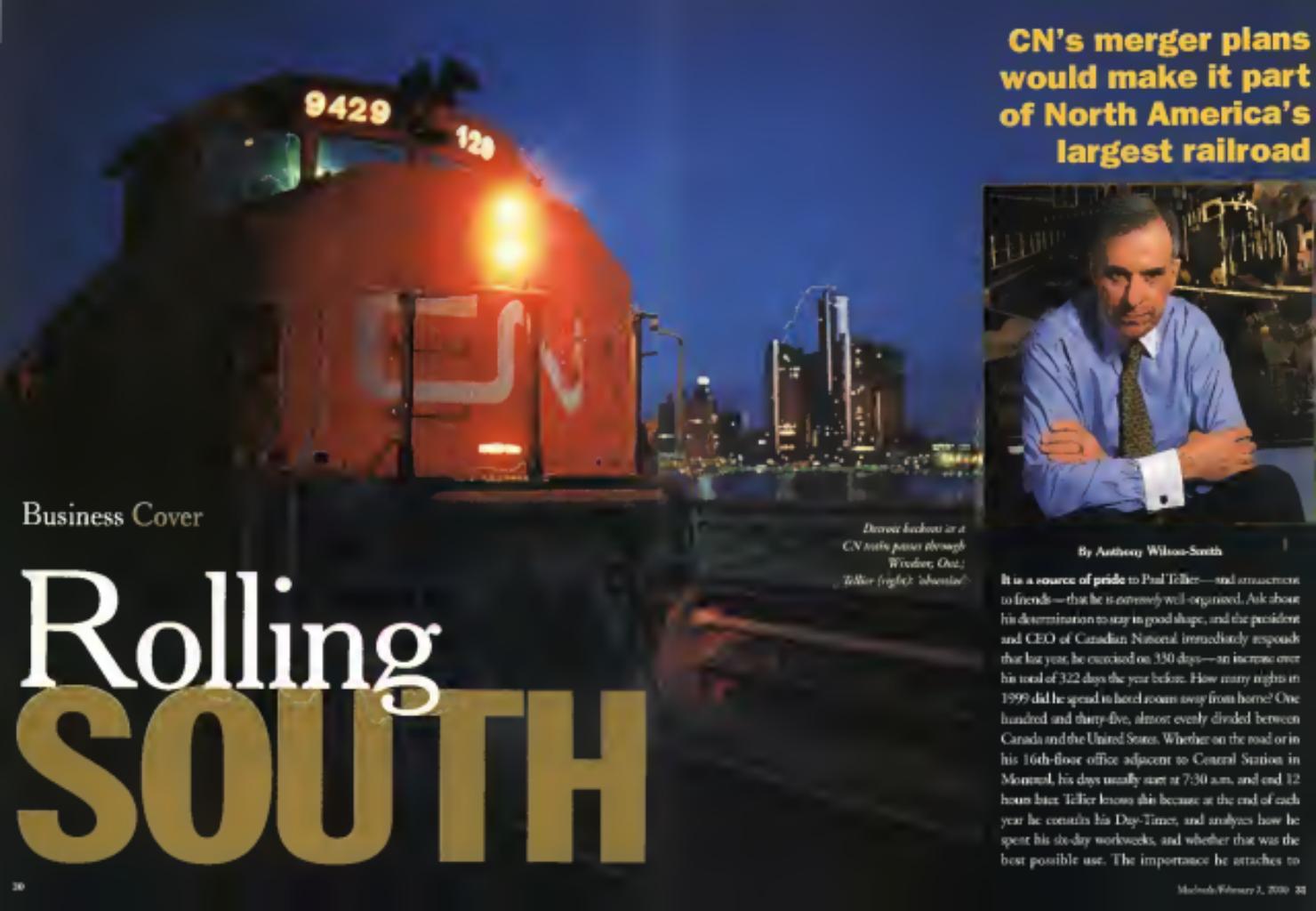
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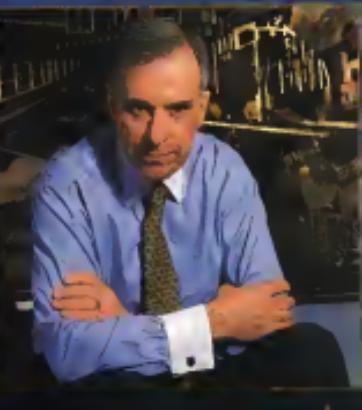
Business Cover

# Rolling SOUTH

*Denver freight is a CN train passing through Frederic, Okla. Teller (right): abstinent*

By Anthony Wilson-Smith

It is a source of pride to Paul Teller—and amusement to friends—that he is *extremely* well-organized. Ask about his determination to stay in good shape, and the president and CEO of Canadian National immediately responds that last year, he exercised on 350 days—an increase over his total of 322 days the year before. How many nights in 1999 did he spend in hotel rooms away from home? One hundred and thirty-five, almost evenly divided between Canada and the United States. Whether on the road or in his 16th-floor office adjacent to Central Station in Montreal, his days usually start at 7:30 a.m. and end 12 hours later. Teller knows this because at the end of each year he consults his Day-Timer, and analyzes how he spent his six-day workweeks, and whether that was the best possible use. The importance he attaches to





## Cover

### The role that railroads have played in linking east to west would be far less important than the north-south services

none management, the 60-year-old Teller says with a grin. "I'd like some friends to call me obnoxious."

Luckily for CN shareholders, Teller's drive was matched by results. Since his appointment in 1992 by then-Prime Minister Brian Mulroney, Teller has run CN's total of 33,000 full-time employees by a third, turned the once money-losing Canadian corporation through a successful privatization in 1995, embarked on an unprecedented expansion program, and turned the company into a monolithic that is a darling of investors in the transport industry. Last week, CN reported record profits in 1995 of \$751 million, up from \$366 million the previous year. (Part of the reason was CN's \$3.6-billion takeover, formalized last year, of Illinois Central Corp., creating the continent's first transcontinental railroad.) "When I appointed Paul, I thought that anyone could fix CN, it's him," Mulroney told *Maclean's* last week. "But I can't say I foresaw the extent to which he would."

Not could you say about anyone else, including American and Canadian government regulators. That is one reason why the outcome of Teller's biggest move yet will not be clear for another 12 to 18 months. In December, CN and Fort Worth, Tex.-based Burlington Northern Santa Fe Corp. (BNSF) announced plans for a merger, with the aim of forming North

## Straddling borders

If Ottawa and Washington approve the deal, the newly created North American Railways Inc. will become the continent's largest railroad. In all, it would have about 60,000 route kilometers of track. That includes nearly 27,000 km of CN track (shown in red) and BNSF's nearly 54,000 km (in blue). The nearly 25,000 km of CPR track are shown in green.

America's largest railroad. The deal, if approved by Ottawa and Washington, would create a company with about 60,000 route kilometers of track, 67,000 employees, services extending from Prince Rupert, B.C., to the north, to the Gulf of Mexico to the south, and revenues of \$18.5 billion. North American Railways Inc., the new entity, would be headquartered in Montreal, with Teller as CEO, while Robert Krebs, BNSF's soon-to-retire CEO, would be chairman. The new company would serve as the parent company for BNSF and as a companion company for CN. It would be subject to the same federal rules that now bind CN, averaging single shareholders could own no more than 15 per cent of the company and it would operate in both official languages.

If that sounds as good as it can be for railroads, it is because there could also be significant downsides for them, and other Americans would own 80 per cent of the new company, and the link that railroads have traditionally played in joining Canada east to west would result far behind in importance to the new railroad's north-south services. Critics, including western MPs, fear CN will neglect or abandon cross-Canada rail lines to pay more attention to lucrative routes leading south. There are also fears that over time, the larger BNSF would erode the company's Canadian component. "It looks good now," said a skeptical senior Liberal. "But what happens when Teller retires, the Americans say it's their name to name a CEO, and move the head office in a more convenient place?" For his part, Transport Minister David Collister is not yet ready to judge. "I have always supported Mr. Teller's efforts to make CN a North American powerhouse," says Collister. "But this is a different arrangement from what he has done in the past, and deciding on the ramifications is going to be a long process."

Teller will not discuss what will happen if the merger is

rejected, because, he says, "I do not forecast that happening." But, he adds, "are you surprised there are questions? No. Will we answer them all? Yes." Complaints doth stop this side of the border. The United States Federal Surface Transportation Board, which must approve the merger, said last week it will begin public hearings on March 8 to study, for the first time ever, the specific question of whether such a merger would make other mega-mergers inevitable. Unionists are concerned about losing jobs. Investors are jittery about the long wait for approval—CN's stock has fallen about 22 per cent since the merger announcement, to about \$35. Teller acknowledges "it is quite possible" no ruling will come before mid-2001. The problem, says one analyst, is "it's a tough road delay, this deal could unravel in a hundred different ways."

To those objections, Teller promises carefully moderated responses. On the issue of nationalism, Teller says Canada depends on increased trade with the United States and

## CN

- Headquarters: Montreal
- Canadian and U.S. employees: **33,500**
- Trade in Canada and the United States: **26,800 km**
- 1999 revenue: **\$5.2 billion**
- Train per day: **265**
- Freight car: **65,000**
- CEO: **Paul Teller**  
1998 salary: **\$775,000**,  
**\$775,000 bonus, plus**  
**stock options**

## BNSF

- Headquarters: Fort Worth, Tex.
- Canadian and U.S. employees: **43,000**
- Trade in Canada and the United States: **53,600 km**
- 1999 revenue: **\$13.5 billion**
- Train per day: **1,300**
- Freight car: **98,000**
- CEO: **Robert Krebs**  
1998 salary: **\$786,043**,  
**\$845,901 in bonuses, plus**  
**stock options**

Source: CN

Mexico "And in a global economy," he adds, "it's the biggest and strongest that survive, so we are ensuring we are among those." In the 1980s, he observes, there were more than 60 so-called Class 1 railroads in North America. Now, after a series of mergers, there are only seven, and two are Canadian: CN and Canadian Pacific Railway Co. (page 39). It does not bother him that CN, a longtime symbol of Canadian can-do, is already 60 per cent American-owned. "We should be proud," says Teller, "that people who could buy Microsoft or Coke stock or anything else chose this company."

Such talk would once have been anathema to Teller. Until his move to CN, he was a career public servant. Born in the rural municipality of Joliette, Que., Teller studied law at the University of Ottawa and did further studies at Oxford University. He joined the federal civil service shortly after, and quickly rose in a series of senior positions. He gained renown as point man for Prime Minister Trudeau's government and during the 1980 Quebec referendum campaign, helping organize and implement strategy. He also helped co-ordinate legislation aimed at protecting Canadian culture and business from foreign encroachment. Those measures, and the ties he developed with people such as Jean Chrétien, led many people to regard Teller as a Liberal sympathizer. But when Mulroney's Progressive Conservatives came to power in September 1984, he served Teller clerk of the Privy Council—the most senior civil service position. Mulroney, who first met Teller during the 1980 referendum campaign, said the choice was clear: "I undermined Paul always had it been on behalf of the government, regardless of party. And it was obvious that his abilities were extraordinary."

Ironically focused, Teller is still remembered for the time in 1991 he lost his temper in public and told then-Liberal MP John Narins to "shut up" after repeated gawking during parliamentary hearings. The public outburst was uncharacteristic, but the blunt talk was not. "In private," says Mulroney, "Paul was always frank, never afraid to express a contrary view, and I liked that."

Teller played a crucial role in Toy initiatives ranging from the failed Meech Lake constitutional accord to free-trade negotiations with the United States and Mexico, to implementation of the Goods and Services Tax. He calmed his



"In the late 1980s, it became clear that Canada was moving to much closer ties to the U.S."

Separation as a tough, often tragic thinker who stayed cool under fire. Even in the most tension-filled moments in negotiations at 24 Sussex Drive with the prime minister, says Norman Spicer, a former chief of staff to Mulroney, "Paul would have a good word for one of the sides who came in unannounced, or a pat on the head for Clover [the Mulroney's black standard poodle]."

But by the late 1980s, Teller—who says "I never saw myself as a career civil servant"—was restless. When he received an offer to become CEO of a Montreal-based company in early 1989, he was ready to accept, but Mulroney dissuaded him. "He said there would be something better later," Teller recalls. When Mulroney offered the CN job, he jumped at it— even as political opponents described the appointment as park-bench patronage. Teller stayed silent. Mulroney did not. "I told them," says Mulroney, "in all go by it."

In 1992, the year that Teller joined CN, it lost \$1 billion. Among other things, a consultant's study concluded it should

reduce 10,000 jobs to reduce its "haphazard, obsolescent, badly focused and increasingly layered management structure." Starting almost immediately, Teller hacked out an management layer, and sold or abandoned more than 9,600 lots of unprofitable track. Teller says his approach was to ask, "What are we doing wrong, and how can we do it differently?" Too often, he says, "I heard 17 different reasons why things could not be changed—and the people who gave such answers went over the door."

Three years into the job, Teller took CN public in 1995. Backed by a \$900-million equity infusion from the federal government, it was the richest privatization in Canadian history: investors bought 84 million shares at \$27 each, bringing \$2.2 billion to the government. By then, Teller had earned a separation for carrying costs through massive cuts. These included allowing workers to assemble trains by new automated technology and consolidating maintenance and accounting facilities, while simultaneously renewing emphasis on customer service.

One question that puzzles even friends of Teller is where he, as a newcomer to the private sector in general and railroads in



Teller (left) offers a hand to Mulroney during the Dec. 29 announcement of their company's merger plan; a Canadian CEO and head office in Montreal

## CPR

- Headquarters: Calgary
- Canadian and U.S. employees: 19,500
- Track in Canada and the United States: 24,000 km
- 1999 revenues: \$2.5 billion
- Train per day: 1,000
- Rail car: \$4,000
- Canadian Pacific Ltd. CEO: Gavin O'Brien
- 1998 salary: \$900,000, \$405,000 bonus, plus stock options

Source: *Financial Post*

particular, came up with his strategic vision for CN. Teller says the answer is not complex. "In the late 1980s, it became clear that Canada was moving to much closer ties to the United States, and a more outward vision. Any successful business would have to follow those steps," Stanley Hart, another former Mulroney chief of staff, scoffs at the idea that Teller's public service background made him a neophyte at plotting strategy. "People say the clerk of the Privy Council is solely guided by the wishes of the prime minister," says Hart. "Paul was a minister especially in the rookie days of government, at ensuring his favorite items were high on the agenda." Hart, who in his present role as chairman of the investment banking firm Salomon Brothers Canada Inc., is a self-styled CN on the BNSF manager, adds, "Paul's experience dealing with huge numbers and complex issues shows very much in his leadership." Teller reveals in his memoir life: "I often repeat," he says, "that I didn't do the 10 or 15 years ago in the private sector, the results we see more tangible every Tuesday. I get pages of bad numbers dealing with things like revenue and safety records, and I can sort directly how wide drugs."

Upoko Otsuka, whose civil servants are continually on call, Teller now has more direct control of his time. He and his wife of 40 years, Andrie, often use CN's cruise-like season tickets in the rods for Montreal Canadiens games at the Molson Centre. On weekends, they alternate between their Westmount home and a cottage north of the city—traveling by jeep in winter. In winter weather, Teller rides his BMW R1100GS motorcycle. The couple have two children—daughter Claude, age 39, a criminologist, and son Max, 31, an executive in BCE's Internet division—and three grandchildren.

These days, Teller's efforts are devoted to the host of issues—regulatory and otherwise—arising from the merger. They include making the case for the plan in Washington in a presidential election year, when everything moves more slowly, and fending off critics that the mega-merger would create a company so big as to be unmanageable. These challenges, he says, are "emerging. I regard now work as a source of satisfaction." As he moves towards 65, the traditional stepping-down age, Teller says, "I would rather die than retire." And as CN burns down its ever-increasing empire of track, Teller is determined to remain as he is—the man who would be king of a North American railroad colossus. ■

# Alliances, Not Mergers

CPR takes a separate approach to running a profitable venture

By Anthony Wilson-Smith

David O'Brien, chairman and CEO of Canadian Pacific Ltd., and Paul Teller, his counterpart at Canadian National, have several things in common. Both are bilingual native Quebecers who pride over companies regarded as national institutions. Both are proud Canadians who worked at various times for the federal government, and have strong interest in public policy. The two, who met in the early 1980s when both were involved in the energy sector, speak well of each other. "Paul is an extremely smart guy," says O'Brien, 58, who is often described that way himself.

The similarities begin—and for the most part end—there. No matter what happens in CN's effort to merge with Burlington Northern Santa Fe Railroad, the rivalry between CN and CP Ltd.—and Canadian Pacific Railway in particular—is about to deepen. CP Ltd. has not yet taken a public position for or against CN's merger efforts. That, O'Brien says, is because the company is waiting for CN to file a formal application for merger with the United States Surface Transportation Board, which is expected to do on March 20. "The implications go far beyond this press announcement," O'Brien says about the proposed deal. The fallout he adds, concerns him both as a Canadian and as a businessman. "Are there negative implications for Vancouver, which might lose traffic to Seattle?" asks O'Brien, who moved CP Ltd.'s head offices from Montreal to Calgary in 1996. "And the farming community isn't going to ask how it might affect things in Western Canada."

Ironically, the real battle between the two renowned Canadian corporations could take place in the United States. So far, CN and CP Ltd.'s rail company have followed markedly different strategies. While CN has grown through mergers, CPR prefers to do so by forming alliances in closest partner is Union Pacific Corp., currently the largest U.S. railroad. And, says O'Brien, the key to the future may be to follow international railfme companies, which go so far as to blend facilities and share technology to offer what they call "Stainless" service. This allows smaller companies to remain independent while offering the same economies of scale as larger companies in-clusters. O'Brien is less concerned about long-term implications. The CN-BNSF merger, he says, "could potentially trigger another series of mergers so that in the end, you only have two North American railroads."

For CP Ltd., the railroad's importance is clear. According to results last week, CPR, the legacy of CP Ltd. Five companies, was one of three to record a strong profit in the last quarter of



O'Brien outside CPR's head office in Calgary; an old rivalry from sp

1959. (The others were PanCanadian Petroleum Ltd., and Canadian Pacific Hotels & Resorts Inc.) CPR reported a record operating profit of \$762 million for the year, up from \$723 million in 1998. That helped the parent company to income of \$310 million, compared with \$243 million in the same quarter of 1998.

In fact, while Teller and O'Brien are both widely respected CEOs who have led their companies to consistent profitability, their two approaches have been markedly different. After the successful privatization of CN in 1995, Teller's company was left with just 10,000 rail cars. O'Brien, flying in the face of conventional wisdom, has kept CP Ltd. diversified, so that some critics complain the company's break-even value would be in excess of 25-per-cent higher than its current value.

A sign of the tensions between the companies was evident last week when Robert Ristic, CEO of CPB, took several swings at CN, CPR, and, in particular, as "not convinced that merger is the way to go." He took aim at CN's acquisition last July of Illinois Central Corp. "Buying a small railway doesn't work," Ristic said. "The IC strategy failed because you need market coverage." That prompted a sharp retort from Teller: "The merger was not a failure. I don't know what [the critics] are smoking." Along with that smile, the heir seems certain to soon increase. ■



On a Via dining car: beefed-up service and additional funding

has continued to struggle financially. Transport Minister David Collenette has warned over the past few years that Via urgently requires better funding. A good way to revitalize it, he has suggested, would be through private-sector involvement. But Via's announcements last week appeared to signal a change of heart in Ottawa, senior Liberal sources said. Via's annual \$470-million operating subsidy—down from \$561 million in 1989—may be raised to about \$500 million this year. That was good news for Via supporters like Harry Grew, who teaches at the University of Ottawa and is head of Transport 2000, which advocates publicly funded transit. "This is a sea change in the government's thinking," he says. "This is a public service we need."

**The Liberals** have been wondering for years over what to do about Via. Grew estimates that, at the very least, an additional \$500 million is needed over the next decade to repair a battered fleet and upgrade track. Ottawa has noted our sharing Via down, recent consolidation in the airline industry means there is even more pressure to maintain viable alternatives to Air Canada. And environmental concerns also play into decisions about keeping Via healthy. "An improved Via passenger service will go a long way to relieving road congestion at a point when this is of increasing concern," Collenette told *Maclean's*.

Via's upturn appears to have been blunted. The British-born Collenette has looked with alarm on the privatization of rail service in Britain in the 1980s under the Thatcher Conservative government. But while there were some cost reductions and improved ownership figures, many critics allege that Britain's once-vibrant system is now plagued by uneven service, poor connections and safety issues. Champions of private-sector participation say that it just is to be expected. Mark Bunting, a transportation consultant from Kingman, Ont., believes that initial mistakes are common when government-owned businesses are turned over to the private sector. In the long term, he says, new ideas eventually pay off with revolutionized services. "We badly need some innovation," he says.

For now, Ottawa appears to have had second thoughts about privatization. That is largely because few Canadian companies believe there is money to be made in passenger rail service unless the government remains involved in upgrading and maintaining Via's infrastructure. Public support helped build Canada's historic rail network, and it will likely be required to keep it running smoothly into the next century.

*With Brenda Russell in Montreal and Andrey Wilson-Smith in Ottawa*



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Cover

# Getting Via Back on Track

Ottawa signals new support for Canada's passenger trains

By Patricia Chisholm

**Graham Hughes** grew up near the tracks in Montreal's west end and he still has a soft spot for trains. These days, though, the part owner of an Oshawa, Ont.-based small business hangs out in Via Rail's first-class lounge when he makes his monthly train trip to Montreal. At \$270 for a return ticket, it's a lot less than a \$700 economy airfare—and Hughes, 45, maintains the food is much better than airline sandwiches. So he was happy to hear that Via is beefing up its service on the heavily travelled Toronto to Montreal route. As well as adding an early-morning train and corporate meeting facilities, Via is introducing an overnight train, with a shower, and breakfast in bed. Hughes, a light sleeper, won't be using the service—but he knows plenty who will. "A lot of guys wanted the night train back," he says. "They do it in Europe. It's really popular."

Taking the train. It still has a romantic ring, but only about one per cent of Canadian inter-city travellers do. Via has existed since 1978, when Ottawa waded together the money-losing passenger services of CN and CP Rail. Via still serves more than 450 communities across Canada, but 85 per cent of ridership and 70 per cent of revenue is generated in the Quebec City-Windsor corridor. And the Gowan corporation

# BCE Divides to Conquer

By Ross Lawer

If it's true that you've got to be smart to be lucky, then Jean Monroy is one heck of a smart businessman. A year ago, the chief executive officer of BCE Inc. flirted with the idea of swapping the telecommunications' 39-per-cent stake in Nortel Networks Corp. for a controlling interest in Qwest Communications International Inc., of Denver, the world's fourth-largest long-distance company. But after meeting twice with Qwest executives, Monroy decided to hang on to Nortel's bit longer. It's a decision he does not regret. Since buying a peak last spring, Qwest's market cap valuation has dropped by a quarter, while Nortel's has more than tripled—making it by far Canada's most valuable company. Last week, Monroy moved to cash in his chips by spinning off most of BCE's stake in Nortel in a series of transactions that will leave BCE with \$4 billion for future acquisitions. "We're in discussions now with a potential partner," he told *Maclean's*, adding that he expects to announce a major Internet-related transaction within weeks.

Monroy often criticizes for being too cautious and slow moving for the Internet era, but he may just have the last laugh. Last week's spinoff, combined with his decision last April to sell 20 per cent of BCE subsidiary Bell Canada, has given him a war chest totaling at least \$6.2 billion with which to expand BCE's presence in both Canada and the United States. Some analysts believe he will soon move to unload BCE's 22-per-cent stake in Montreal-based Teleglobe Inc., which would add another \$2.7 billion to the kitty. Whether or not

that happens, it's clear Monroy is serious about making BCE a major player in the exploding world of e-commerce. "We're continuing a massive transformation of that company," he says. "I can tell you that it's happening now, but in some people's minds the company, but in the Internet economy it's never fast enough."

Once seen as a safe bet for telecommunications companies, the Internet is now at the heart of everything they do. In BCE's case, the decision to end its 15-year-old relationship with the former Northern Telecom was dictated by Nortel's startling 306-per-cent share-price increase over the past 15 months, an increase driven by the market's recognition of Nortel as a major supplier of the switches and software that make the Internet run. The problem for Monroy is that Nortel's success was overshadowing the rest of BCE's holdings, including Bell Canada, Bell Canada International, Teliglobe, Bell Express, Telus Canada, CGI and BCE Emergi. As of last week, BCE's minority stake in Nortel accounted for 78 per cent of BCE's total market value. In effect, investors were saying that all of BCE's other properties were worth only about \$30 billion. Analysts say a more realistic price is about \$32 billion.

Under the terms of the spinoff, BCE's 500,000 shareholders—along with individual investors, the list includes most of the country's pension funds and domestic equity mutual funds—will receive 0.78 of a Nortel share for every BCE share they own. Some media reports last week described the deal as a \$73-billion "windfall" for investors, but that ignores the fact that when the deal closes this spring those BCE shares

will be worth far less—falling from last week's close of \$342.25 to a predicted trading range of between \$42 and \$55. Assuming that Nortel shares stay close to their current price, the "windfall" will be about \$20 per share, a fraction of the gains investors have already made thanks to Nortel's soaring share price.

What the deal will do is allow BCE to cash more freedom in plotting its future. The spinoff will leave it with two per cent of Nortel's shares, worth \$4 billion at current prices. That money plus the cash it already has in the bank and the value of its own shares, which can be used as currency in future takeovers, gives Monroy ample resources to carry out his expansion strategy, part of which rests on the planned acquisition of a local telephone company and Internet service provider in the U.S. northeast. Such a deal would give BCE a significant presence in the U.S. market without intruding on

*Nortel's Reel* in moving assets now overshadowing other holdings



Always: "We're in discussions now with a potential partner."

In shedding a 37-per-cent share of Nortel, BCE is building up a powerful war chest—and claiming a stake for itself in the world of e-commerce

territory already served by SBC Communications Corp. of San Antonio, Tex., the U.S. phone giant that now owns a fifth of Bell Canada.

In addition, Monroy faces growing pressure, both inside and outside the company, to strengthen BCE's Internet operations. In an interview with *Maclean's* last summer, Nortel CEO John Roth, a long-time associate of Monroy, criticized BCE's Internet service, Sympatico, as a "backwater kind of thing" that has failed to get the attention it deserves from BCE's senior executives. "You go to their annual meeting and see how much they talk about Sympatico as a big money-maker for Bell," Roth said. "They don't talk about it. It's a little fledgling thing and it's actually a threat to them, because it sells services at ridiculously low prices" compared with the money Bell has traditionally

made from long-distance service.

Monroy readily admits he has been slow in developing an Internet strategy, but says that's about to change. Within the next few weeks, he claims, he will announce the sale of a significant minority stake in Sympatico to a U.S. company that can supply leading-edge software as well as online content. "We are in discussions with a potential partner, and that might mean a joint ownership of Sympatico," he says. "Right now, we don't have the scale to afford the leading-edge technologies and applications—like e-mail, instant messaging, that sort of thing. We can create sites and so on. So we will partner to get that technology, plus foreign content."

Although Monroy declines to identify the prospective partner, the most obvious candidates include America Online Inc. and EarthLink Network Inc., the world's largest and second-largest Internet service providers, as well as Internet portal Yahoo! Inc. and Lycos Inc. At the same time, Money discusses speculate that BCE is planning a takeover bid for Canada's largest private television network, CTV Inc. "There's no question we need more content for ExpressVu [BCE's digital satellite TV service] and Sympatico. But there are better ways to do that than to spend billions. If we did that, it would have to be very attractive financially. But there's no fun behind those numbers."

Rather than seeking to buy domestic content providers, Money says, BCE is hoping to negotiate partnerships with Canadian media companies. "We would like to set up mutual sites with print, radio and TV companies in Canada so Sympatico becomes the leading business-to-consumer marketplace in Canada," adds Monroy. "We can't attract Canadians by giving them only Canadian content, so we're going to give them U.S. content. What we're trying to do is going to do that, plus Canadian content."

## The magazines that got away

The deal did not go the way Ted Rogers had hoped. For weeks, the chief executive of Toronto-based Rogers Communications Inc. had backed his corporate restructure as they pursued a clutch of coveted magazines being shopped around by Montreal-based Telmedia Communications Inc. In all, 11 publications were up for sale, including some of Canada's best-known titles: JV Group, Canadian Living and its website, the French-language fashion magazine *Elle Québec*. But Rogers Communications, owner of *Maclean's*, lost out to G.T.C. Trans-continental Group Ltd. of Montreal despite Rogers' higher bid, said Sean Segal, president and chief executive of publishing and online services at Rogers Media. However, François de Gaspé Beaubien, president of Telmedia's family-controlled publishing division, disputed that claim. "What they didn't have and I do, is I know what the bids were," said de Gaspé Beaubien. "And he was not No. 1. He wasn't even No. 2."

In announcing the deal to reporters, neither Telmedia nor Trans-continental disputed the selling price. However, in a briefing with financial analysts,



*Professor: censor for the Internet*

Daniel Desautel, Trans-continental's chief financial officer, and his firm paid \$135 million. "The Rogers interest bid was higher than that," said Segal, "per cent." In fact, said Segal, Rogers bid "more than \$140 million."

Why the deal went the way it did is unclear. What is clear is that Trans-continental now has a stable of 51 publications in Canada, second to Rogers, which holds 60. Trans-continental's other interests include printing and computer-disk production. Last fiscal year, the company had \$1.55 billion in revenue. André Pichéanne, president of the firm's publishing sector, said acquiring the magazines allows the firm to increase Canadian content on the Web. "These brands are powerful, they're established, they have lots of equity and they can be transformed onto the Internet successfully."

## Tough to swallow

### The past few years

have been difficult for Atlanta-based Coca-Cola Co.—so tough that the 115-year-old firm is cutting one-fifth of its workforce, the largest reduction in its history. In total, 6,000 jobs will be slashed by March, including 2,900 positions at Coke's head office in Atlanta. The reorganization is aimed at giving more decision-making power to Coke's regional entities. A further 800 jobs elsewhere in the United States will go, while 2,700 posts will be cut abroad. There will be no layoffs at the Canadian bottling operations, which house 5,000 employees. Coca-Cola Ltd. in Canada. However, there will be "some reductions" at Coke's 88-person Canadian marketing and advertising unit. Coke has struggled to improve profits after a series of setbacks during the past few years, including a severe economic downturn in Asian markets and an ill-managed and costly product recall in Europe.

## Financial Outlook

**Retail sales** in November climbed 0.6 per cent to \$22 billion due to a strong automotive sector, says Searle.



## No. 1 in music

They're at it again. Gerald Levin, Time Warner Inc.'s chairman and chief executive officer, said his company will acquire EMI Group PLC of Britain for \$29 billion. The deal will make Time Warner the world's biggest music company, with annual music revenues of \$16.6 billion. (Sega/Universal Music Group had been No. 1 with \$9.1 billion.) The announcement came just two weeks after America Online acquired Time Warner for an estimated \$22.6 billion, and will provide more content for the company's push onto the Web. "Music, out of all our businesses," said Levin, "is the one that will benefit most from the Internet and the digital revolution."

EMI's purchase comes a month after 2,500 artists' Warner's performers include Cher, Eric Clapton, Paul Collins, Madonna, Metallica and R.E.M., while EMI's client pool includes the Spice Girls, Van Morrison, the Beatles and the Rolling Stones. "It can only help" accelerating a digital music shift, says James Hartman, an analyst with Yankee Group. "It certainly isn't a cataclysmic event like the AOL merger, but it adds fuel to the fire."

The company wants to use \$580 million a year by the end of three years. To accomplish that, 3,000 jobs will have to be cut, or 15 per cent of the company's combined workforce of 23,000.

## The end of Imasco

Imasco Ltd. shareholders voted 96 per cent in favour of winding up the 29-year-old conglomerate by selling it to British American Tobacco PLC for \$10.7 billion. The vote was the final step in Imasco's August, 1999, offer for the 57.5 per cent of Montreal-based Imasco it does not already own. BAT will keep Imperial Tobacco and All-CT Financial, parent of Canada Trust, as well as Shoppers Drug Mart and Galleria Developments, a real estate firm.

## 724 pays off big

Shares in Toronto-based 724 Solutions Inc. skyrocketed when they were sold to the public for the first time. The stock's initial price was \$37.29 a share, but it closed last week at \$103.50 on the Toronto Stock Exchange. In 1997, the bank of Montreal paid \$2 million for almost 16 per cent of 724 Solutions, a maker of software for wireless banking. Last week, the bank's stake was worth almost \$355 million.

## Singing the pension blues

The Association of Canadian Pension Management, whose members manage 80 per cent of Canadian pension fund assets, warned that major tax increases will be needed to pay for pension benefits if changes are not made. The group says the ratio of workers to retirees is expected to fall from 4.1 today to just 2.3 in 2030. It suggests stepped-up efforts to pay off government debt, giving high-income earners more room to contribute to retirement savings plans, and increasing the \$15,500 annual limit by 20 per cent immediately.

## cRave TV restrained

A U.S. federal judge issued a temporary restraining order against Toronto-based cRave TV, telling the Internet company to stop infringing on the copyrights of U.S. companies. The NFL, NBA, 10 movie studios and three television networks brought suit in Pittsburgh, charging cRave TV is intercepting their signals and rebroadcasting them into the United States via the Internet. The company, which shut down its site last week, says its service is intended only for Canadians.

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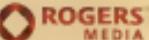
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Ross Laver

## Get ready for v-commerce

**First, there was e-mail.** Then came e-commerce and e-business. These days, the most popular buzzword for selling to consumers over the Internet is "e-tailing." Where will it all end?

Hard to say, but the e-bandwagon is starting to look pretty full. Let's see, as Monty Python would say, for something completely different: Something, perhaps, like v-commerce.

That's 'v' as in voice-recognition technology, which in the near future will allow consumers to surf the Web by phone, using spoken instructions to look up information, check e-mail and place orders for a wide range of products and services.

The promise of voice-recognition is as old as science fiction, but, for the most part, it's a promise unfulfilled. Two years ago, Comi Corp. and IBM began selling word-processor with built-in speech recognition, allowing users to dictate text to their computers and call up files without using a keyboard or a mouse. But the software is far from foolproof. Users have to speak clearly and directly into a microphone, meaning they can't be in a noisy environment. And the software only works well after it's had a chance to "learn" your voice, a process that can be time consuming. Typing, for most people, is faster and more comfortable.

But where there's a will, there's a way—particularly when the solution relies on another software, something the tech industry is happy to craft out. In part, that's because the rise of the Web and e-commerce has created a powerful economic incentive for companies that make voice-recognition work smoothly. Roughly a third of North American households now have access to the Internet, and about 35 per cent of users have shopped online. But what would happen to those numbers if you didn't need a computer to get on the Net? What if the most popular Internet-access device was something that is in virtually every home, no matter millions of pockets—a phone?

This is the goal of a number of companies, among them Mind Corp., an Ontario-based provider of voice- and data-communication systems. Mind plans to unveil a line of voice-recognition products called Speak!Ease designed for the hotel industry, hospitals and schools. In a hotel, the system would let callers get through to a guest simply by speaking his or her name, without going through a hotel operator. At the same time, the company has tested a prototype that lets users "voice surf" the Web. "There are a lot of information services on the Web today where if you really want are the facts, and voice access could be a powerful enabler of that," says



See it here: Boosting productivity

Monty Simon, Mind's senior vice-president for strategic development. Included in the technology is a speaker-authentication feature that eliminates the need for passwords to protect sensitive information ("say my name and the system can tell if you are who you say you are," Simon says).

Along with such companies as Montreal Inc. and Via International, Mind is a member of the V-Commerce Alliance, an organization founded by Menlo Park, Calif.-based Nuance Communications, a leader in speech-recognition software. Last fall, Nuance opened a research lab in Montreal, currently staffed by 30 employees—most of whom used to work for Nortel Networks Corp. before the company decided, for strategic reasons, to close its voice-recognition unit. "Nortel was removed for its work in this area so as soon as they got out of it a number of other companies came in and hired those people," says Paul Boucher, a former Nortel employee who now runs Nuance's Montreal office. As a result, "Montreal has become a real hot spot for this technology."

Nuance isn't yet well known outside its field, but its backers—the company is privately owned—include such powerhouses as Intel Corp., Cisco Systems and Sun Microsystems. Among its customers is TD Waterhouse, the discount broker controlled by Toronto-Dominion Bank. Using a service called TalkBroker, customers can dial in and use simple voice commands to get stock quotes, check their portfolios and buy and sell shares. "It's not inexpensive to install and maintain the system, but we're excited by the productivity gains and the service improvements," says John See, TD Waterhouse's head of Canadian operations. The service now handles about 25,000 calls a day, a figure that is expected to be 50,000 by the end of BISMAP's season. Another Nuance customer is Halifax-based Nova Scotia Power Inc., which has added voice-recognition to its customer-service call centre to reduce waiting times and costs.

Coming next from Nuance is a voice-based Web browser called Voyager. Nuance hopes to sell the product to Internet service providers, phone companies and Web search portals such as those that want to increase their traffic by allowing people to look up information and shop the Web by phone. "You'd dial into one number that would be the only call you'd have to make, because the network would store your credit-card information and your bookmark," says Boucher. V-commerce, he adds, "is the Holy Grail—it's here now."

People Edited by Tanya Davies

## Cruising to success

**Paul Thomas Anderson is the hottest young filmmaker in L.A.**

Anyone who remembers Tom Cruise playing an guitar in his underwear 17 years ago in *Risky Business* might be surprised to see him with his pants off in *Magnolia*. Once again, he strips down to a pair of white briefs, but they are, well, vastly more fulfilling. "People grow," says *Magnolia* director Paul Thomas Anderson by way of explanation. Cruise recently won a Golden Globe Award as best supporting actor for *Magnolia*, in which he plays a much more motivational speaker who teaches men how to pick up women. "He's just come offstage from the seminar and he's sweating," says Anderson, explaining how Cruise's character ended up mapping in front of a female TV interviewer in the scene. "Tom had this wonderful idea, I thought, 'I want to immortalize her, so what if I change my shirt?' And I said, 'What if you change your pants too, hands? Stick your crotch out there.'"

At 36, Anderson is the hottest young director in Hollywood. Growing up in Los Angeles, he has done for the San Fernando Valley what Marlon Brando did for the main area of Marfa, Texas—the setting for both *Blue Nights* (1997) and *Magnolia*, a sprawling mosaic of disengaged lives. Recently, Anderson showed up with his live-in girlfriend, singer Fiona Apple, to accept the Toronto Film Critics Association award, winning *Magnolia* the best movie of 1999. "I think it should be a phenomenal success," says Anderson, who has directed Apple, 22, in two music videos. "But she's very self-conscious, due, if you like, a young singer-songwriter: it's obligatory you act in a movie. She wants to stick to her day job."

With *Magnolia*, meanwhile, Anderson has delivered the most emotionally charged performance of Cruise's career. Referring to a scene in which Cruise's contentious dynamic breaks down and criss, the film maker says, "I heard this notion that we had to do 30 or 40 takes to get that. But there were eight takes, and we used the third one. He was so steady, he poised-out the much emotion. It was my job to pace it back." With the complex role in *Magnolia*, Cruise shows more emotion than in *Eye of the Wolf* (shot, which he spent 15 months



Anderson and Apple: Cruise at the Golden Globe Awards (left). Magnolia is a bit with film critics



shooting with the late Stanley Kubrick. "It's a funny myth that Tom isn't act," says Anderson, who viewed Cruise on Kubrick's set, "because he is the most unactable actor there is. Kubrick, the f--- it's funny, he'd be like, 'Say one where your left eye blinks' and Tom was able to do it, you give him any direction and he can do it."

Next, Anderson hopes to make a comedy with Adam Sandler (Adam Sandler? "I just think he's a genius," says Anderson). "And I think he's got a lot more to offer than the movies he's doing." In *Magnolia*, Anderson makes it rain frogs. If he can bring great acting from the star of *The Waterboy*, he may just be a muscle worker.

Brian D. Johnson

# It's growing, naturally

One of the great emblems of the 1960s hippie subculture, organic food blossoms into a \$1-billion Canadian industry

By Susan McClelland

In 1968, when Chezie Pate changed his diet to include only organic food, it was a decision born of desperation. Pate, then 18 and a new mother living in Tiber, Alta., was suffering from severe hives that at times left her face swollen beyond recognition. The painfully itchy condition did not respond to various prescription drugs, so Pate, who suspected the hives were caused by something in her environment, began looking for food that had not been sprayed with pesticides and herbicides during production. Easier said than done: there were no organic food stores in Tiber, so she had to drive more than 265 km one way to pick up supplies at an organic store in Calgary. But within a month, the rashes had stopped, and within a year, Pate had fully recovered. "It's easy to see the parallels between health and food," she says. "Unfortunately, many people need a bad experience to remind them of that."

Nowadays, Pate is doubly thankful for her diet change. Not only does the credo fit conveniently into organic food with its focus on health, but she's become so convinced of its benefits that, after moving to Lethbridge in 1995, she opened an organic food store that has grown into a prosperous business. That success coincided with a dramatic increase in demand for organic—produce that has been grown without synthetic chemicals, and raised without injections of hormones and antibiotics. Despite scant scientific evidence that organic food really is healthier, worldwide sales have shot up by about 20 per cent a year since 1991, and last year topped an estimated \$15 billion

Though there are no hard statistics available, experts estimate that Canadian organic—from farmers' markets and bakeries to delivery services and even large conventional supermarkets with organic sections—accounted for an estimated \$1 billion of that in 1999.

There are several reasons for the boom. Like Pate, many people are trying to solve specific health problems. Others just want to reduce their intake of the chemicals used in food production. And as interest in last week's protest in Montreal at a conference on genetically modified organisms, many people are growing wary of the way agriculture is manipulating foods' basic ingredients—without advertising as much on the labels. "Herbicides, pesticides, fertilizers and GMOS have all been tested one at a time, but not for long-term results or in conjunction with each other," says Jennifer Hesley, a shopper at a Halifax organic food shop. "It's easier with grows and not know how that's going to impact the environment in the long run than it is a mystery."

One of the great emblems of the 1960s hippie subculture has come of age. On a chilly Friday afternoon in January, for instance, Vegetable Kingdom, an organic store located in downtown Toronto, is swarming with faithfully dressed men and women, university students and children, who walk the aisles with shopping baskets bulging with fruit, rice, meat and spices. Similarly, the Co-op Ocean Natural Food Market in Halifax attracts locals such as Cindy Jones of *The Hour Has 22 Minutes*, and carnivores who travel weekly from throughout the province. "It's not just the grandparents anymore," says Eleanor Heise, a Quebec



Capeau, president, owners *in front of the farm and out to the customer on a day* farmer and president of the Canadian Organic Growers. "We are what we eat" has become true, but it is *more* true.

make any assessment that organic food is better," says Robert McDonald, executive director of the Canadian Organic Advisory Board Inc. "What we do say is that there is a process of on-farm safety, product verification and quality assurance."

While organic farming isn't new, it only began to gain popularity in Canada in the 1960s. In the 1970s and 1980s, the industry grew at a steady though modest pace, and farmers began forming associations and certification agencies but it wasn't until the 1990s that organic really blossomed, in part as a response to the confusion over globally over generic engineering of plants.

Experts estimate that from 1985 to 1998, hectares of land devoted to organic farming in Canada leapt from 50,000 to 400,000, though that still represents only about six per cent of all farmland in the country.

Part of the appeal of organic food is the industry's rigorous certification process. At least 43 private agencies now operate across Canada certifying that organic produce has been grown without synthetic pesticides, artificial fertilizers and GMOS, and that meat has been fed with organic vegetables and grains. Inspectors also verify that during production the food has not been irradiated or treated with preservatives or other synthetic additives. "We don't

see any assessment that organic food is better," says Robert McDonald, executive director of the Canadian Organic Advisory Board Inc. "What we do say is that there is a process of on-farm safety, product verification and quality assurance." "Every piece of our produce comes in from the farm and out to the customer in a day, so we cut the waste and lower the costs," says Andrew Capeau, owner of Organic to You, a delivery service in Vancouver. "Typically a grocery store will lose 15 to 20 per cent on produce they don't sell and have to throw away."

Home-delivery services are blossoming. Capeau, who started his company five years ago with a borrowed van, now has 20 employees and a customer base of 8,000. The reason? "It's all the appeal of going to the local organic market, where staff spend a great deal of time adding the personal touch. For instance, when Leo Ferrin, a senior university professor, couldn't relieve a persistent problem that had been plaguing him for years, the owner of Aara, an organic market in Fredericton, apparently could. After beginning to eat kefir, an organic low-fat yogurt, twice a day, "all of a sudden I could sleep through the entire night, something I hadn't done in a long time," says Ferrin, who for about two decades has sworn by organic. "My doctor calls this black magic, but I'm 72 and I've lived longer and healthier than I ever expected."

For lovers of organic food, that's all the inspiration they need. ■

*J. L. Bergeron to our Readers about*

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# The modest man from Motown

Statistics put Steve Yzerman among hockey's best. Just don't tell him.

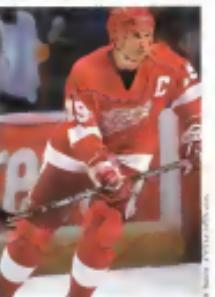
By James Deacon in Detroit

There are stories for every star on Steve Yzerman's otherwise hideous mug, and they are not for the faint of heart. They tell of a man who, though comparatively slight by modern National Hockey League standards (five' 11, 185 lb.), not afraid of the rough going. Take, for example, the reddish crescent-moon dent where the bridge of his nose meets the centre of his forehead. That came from stopping a Paul Coffey slapshot just before last year's All-Star Game in Tampa. The force of the blow broke his nose and some other small bones, but as he was being wheeled to an ambulance loaded for hospital, he called over to the Red Wings' equipment manager and said, "I think I'll wear a visor on my helmet if I'm going to play in Tampa."

He did not go to Florida—doctors made sure of that. And although the story, like the scars, matches his remarkable focus and competitive spirit, it adds another mark about the man known as Steve Y. He's not that tough. If you were to watch him square off with a compliment, Tell him his career achievements put him among the greatest players ever to face up skates. Or insist that his sticking with the Detroit Red Wings for seventeen years, through bad times and good, sets a shining example of loyalty in an era of money-driven transience. Then watch he'll smile. He'll tell you he's just been lucky to play so long, for stable owners and with good coaches.

Hockey fans aren't fooled. In league-wide voting, they elected the 34-year-old Yzerman as the starting centre on the North American squad that will

play a similarly elected team of European NHLers at this week's All-Star Game in Toronto. After all, the shifty jumper from Cranbrook, B.C., by way of Niagara, Ont., is having a better season than other candidates, including Philadelphia's Eric Lindros. Along with being among the top 10 scorers going into last weekend's games, Yzerman recently overtook Bob Hulbert and Claude Lemieux in career goals and now has seventh all-time. Over lunch in the players' lounge at Joe Louis Arena last



Leading by example: Yzerman is the longest-serving captain in NHL history

week, Yzerman deflected the accolades. "I can relate to Mono, because I played with him," he says, sitting at a table beside a huge black-and-white of former Wings Gordie Howe and Alex Delvecchio. "But Bobby Hull? Garry Unger? Gordie Howe and Alex Delvecchio? They're like him, kind of like gods. Their 600 goals are different from the 600 goals I have. They played better

game, and it was more defensive than."

The distinction is well made, but it does not detract from what he has achieved. When he was named Detroit's first pick in the 1983 draft of junior players, Yzerman was saddled with the pressure of leading a then-creatively team back to glory. He was initially a scoring sensation—beaten 65 goals and 90 assists in 1988-1989. But in the mid-1990s, after general manager Jim Devellano and later Ken Holland had been gat to improve Detroit's supporting cast, and when Scotty Bowman joined as coach, Yzerman, the team's captain since he was 21, transformed himself into a player known as much for defense as for scoring. The combination worked: the Wings won back-to-back Stanley Cups in 1997 and 1998, and they appear ready to contend again this year. "I get more attention for being a 20-goal scorer than when I scored 50," he says, chuckling at the irony.

Inside the game, Yzerman is regarded as a great leader. "Steve is the ideal role model for young players," says Calgary coach Bruce Boudreau. "He plays hard every night, at both ends of the rink." While Yzerman's work ethic has always been strong, it is his commanding confidence that gets his teammates' attention. "He leads," Bowman says, "by the way he plays."

Yzerman still has a temper. In last week's game, Yzerman winger Garry Unger made the mistake of shoving Yzerman on the knee between where one pad ends and another begins. In a rage, Yzerman spun and chopped down on Unger's stick—breaking it in two. The stick immediately started to roll back to the bench for a new stick, then picked up a loose puck on the corner and flipped a perfect pass to Sergei Fedorov, who scored. "Be honest, I was so mad I lost my composure," he says sheepishly. "It wasn't a gross moment on my part—I care really, really."

That happens less often than it once



A tough competitor as defenceman as well as an offiser: "I get more attention for being a 20-goal scorer than when I scored 50."

did. "I used to live and breathe hockey all the time," Yzerman says. "My game preparation would start the night before at dinnertime—I'd be on a strict schedule of sleeping and eating." He claims he's mellowed with age, a family of his own and, particularly, the car accident that capped maximum Vladimir Konstantinov's day after the 1997 Cup victory. "I don't take the game as seriously as I used to," he says. "I know that winning, one way or another, isn't going to change my life."

His supporters are legion. In the stands at last week's Detroit-Toronto game at Joe Louis Arena, thousands of fans turned up wearing his No. 19. Yzerman's wife, Linda, was one of them. Mark Maciaszek, 30, of suburban Grosse Pointe, praised Yzerman as much for his character as for his hockey abilities. "He epitomizes the gray-blue-collar guy," Maciaszek says. "So upstream go, he's definitely unique." The greatest compliment comes from early Detroit legend Ted Lindsay, now 74, who stopped by the

Wings' locker room last week. "If you wanted to program the ideal child, hockey player, citizen, he'd be your guy," says Lindsay.

Yzerman got comparatively little attention outside Detroit until the Wings won their two recent Cups. But his media profile has since exploded. Lemieux and Wayne Gretzky. But at around half Yzerman's age, on and off the ice, is different. He is not one to celebrate goals with showy flourishes or war dances, or to attract endorsements by calling attention to himself. "If you want the stuff, it's there," he says. "But I have no interest, and no time, really."

Brenda Shanahan, Yzerman's rugged left-winger and close friend, says Yzerman prefers private life in the forefront. "I wouldn't characterize him as shy, at least not to the people who know him," Shanahan says. "He just likes to go about his business and be left alone." Yzerman spends most off-hours with his wife, Linda, and their three young

daughters in the Detroit suburb of Bloomfield Hills, and summers are cut up in central Ontario's Muskoka region. His oldest daughter, Isabella, is 5 and excelling in soccer and roller. In the off-season he plays golf, and since a 1998 cycling trip to France, he and Linda have begun a winter colocation—one of the few outward indications of his \$12-million-per-season salary. "What I like to do is not very exciting to anyone else," he says. "But it's exciting to me."

Yzerman figures he will stay involved even after he leaves the ice. "I have always wanted to be a general manager," he says. "I follow what teams do, the trades they make, and I try to work out the good ones from the bad ones. It'd be a real challenge to put a team together yourself." But that's for another day. Right now, while still one of the elite players in the league, he plans to play at least three more years and has his eye on another Cup. "I'm in a really good situation here," he says, "with a really good group." And a good captain, too. ■

# Pressure Point

They are the canaries in the mine shaft of the health system. When facilities are strained to breaking, the pros in emergency pay the price.

**With the winter** come the crises. They started early this year, with hospitals across Canada reporting massive overcrowding in their emergency departments in mid-November, several weeks before the annual flu onslaught reached the problem up a few notches. At their worst, the mounting strains cause big-city hospitals to shut their emergency departments to new arrivals and divert ambulances elsewhere. Doctors in smaller communities seeking to have patients transferred to larger centres for treatments of complex conditions are told there are no beds available.

Usually, the delays have relatively minor effects—uncomfortable waits for care or slightly longer trips by ambulance. Occasionally, however, the consequences are dire. A 69-year-old man died in hospital in Wiyabwa, Saskatchewan, on Dec. 3, a day after suffering a heart attack. His doctors say they were told repeatedly there was no bed available for him for specialist care in Regina; ambulances in the capital say the urgency of the situation was not made clear. And in Ontario, inquiries have been ordered into the deaths of two men—an 18-year-old amputee suffering in Toronto on Jan. 15 and a 51-year-old woman suffering in Toronto on Jan. 15 and a 51-year-old woman

who fell six storeys from scaffolding in neighbouring Mississauga on Dec. 13. In both cases, their ambulances were turned away from the closer hospital.

The problem has several causes: too many beds taken out of the hospital system during years of downsizing; inadequate provisions to care for recovering patients outside the hospital; emergency departments treating non-emergency patients; the periodic stresses from flu outbreaks and other high-demand periods. But the results are the same in any city: crop doctors, nurses and paramedics struggling to cope. On the political level, Health Minister Allan Rock invited his provincial counterparts last week to meet with him in May to discuss fundamental changes to the health-care system. Alberta Premier Ralph Klein, meanwhile, and he would use this week's First Ministers' conference to demand that Ottawa overhauls the provinces for the billion it cut from its social-services transfer payments in the past decade.

For this Special Report, *Maclean's* writers joined the workers on the front lines of emergency care in three cities. Their accounts:

## CASE 1 Paramedics: pride and frustration

By Brian Bergman  
IN CALGARY

**Pat Hall definitely** has the human touch. During a 16-hour day shift, the 42-year-old Calgary paramedic repeatedly shows an interest in his patient that goes beyond their immediate health needs. "So what's your five-year plan?" he asks a 23-year-old homeless man complaining of severe neck pain. As it turns out, the patient, a soft-spoken southerner from northern Saskatchewan, has ambitious goals he wants to go to university, study science and help find a cure for cancer, a disease

that killed his mother. Hall also deals with a 57-year-old systems analyst who collapsed on a downtown sidewalk due to blood-flow problems to his heart. Despite being strapped to an ambulance gurney and hoisted up to a heart monitor, the man wants to make a business call on his cell phone. Hall gently rejects the request: "We need to get you to slow down," he says, and off a time-out to get healthy.

As a 21-year veteran of Calgary's Emergency Medical Services, Hall likes to think his job makes a difference. He speaks with quiet pride of how he is constantly "walking into somebody

else's world and taking care of their emergency." It's a sentiment echoed by his colleague, Trevor Jones, 29, an emergency medical technician. "You don't get a lot of glory," he notes. "It's nice to know you are helping people when they need it most." All the same, both men speak of their growing frustration—and impatience—with a health-care system they feel is battered and on the ropes.

They talk of consistently longer waiting periods—sometimes up to an hour—at hospital emergency departments before they can transfer their patient from an ambulance into



Half (left) and fellow with a patient, recalling the 'good old days' of five years ago when hospitals still had beds available

a hospital gurney. Or of having to continue treating a patient in a crowded emergency corridor because there is no one available to take over. Or of medical staff who, by the end of their shifts, are understandably fatigued by the demands put upon them. "At some point, the family of patients have to see who is still available—the nurses who get it," observes Hall. "For the most part, the nurses do a remarkable job of longing it together. But sometimes, it's just too much."

As *Maclean's* accompanies Hall and Jones on a shift, some of those strains are apparent. When they deliver their first patient—the second-in-systems analysis—at Foodland hospital at 9 a.m., this is the only ambulance in the bay. Inside the emergency department, however, there are already three patients on overflow stretchers in the front corridor and the daily walk chart indicates 14 patients who came in overnight and need to be admitted or still waiting for beds. A separate sheet shows that of the roughly 1,800 acute-care beds across Calgary, only 38 are available. "Not bad," jokes Jones. "We're at 98-per-cent capacity."

When

they are dealing in conditions, rather than people, it would be a banner day.

When Hall and Jones return to Foodland with another patient at 5 p.m., near the end of their shift, the backlog has not disappeared. Patients fill every spot in the emergency—including the systems

and walkouts. The closure left Calgary as the only major Canadian city without a downtown emergency department. For ambulance crews, that often means longer drives through ever-denser traffic—especially since the largest percentage of their calls come from the city core.

During last winter's 18 snows, Calgary newspapers were filled with reports

## NO VACANCY

Across the country, health authorities have shut down hospital beds before establishing a system to take care of enough discharged patients in the community. With many of the remaining hospital beds still occupied by patients who could be treated at home or in long-term-care facilities, emergency departments overflow with new cases.

**Change in the number of hospital beds available over the past decade**

	1989	1999	% change
Canada	175,824	125,893	-28.4
Yukon	154	59	-63.7
N.W.T.	485	288	-40.6
B.C.	21,842	18,879	-13.6
Alta.	18,657	12,502	-33
Sask.	7,865	4,094	-47.9
Man.	6,486	5,022	-22.6
Ont.	51,663	36,151	-30.1
Que.	53,220	38,307	-26
N.B.	5,046	4,269	-15.9
P.E.I.	771	493	-36.1
N.S.	6,928	3,451	-45.8
Nfld.	3,887	2,558	-30.2

of overflowing emergency rooms and ambulances being diverted to more distant hospitals. According to both health authority and ambulance service officials, diversions are happening again this year, but not as frequently. "Anytime in life there are emergencies, situations," says Robert Abernethy, clinical head of emergency services for the regional authority. "We will be taken to the nearest hospital and dealt with there, so I wonder how busy it is."

Since 1995, the number of staffed acute-care beds in the city has ticked up to 1,816 from 1,748—while the city's population ballooned by 103,000. But Abernethy cautions against seeing admissions as care beds as a parameter. It's more important, he says, to take the pressure off existing beds by improving other aspects of health-care delivery. The regional authority, in fact, is moving on several fronts. Over the past three years, the number of spaces for home care, community care or day support has climbed to 12,500 from 9,300. The authority is also looking at opening several community-based urgent-care clinics to treat people who might otherwise head to the nearest emergency ward. And an aggressive vaccination campaign among Calgary seniors has dramatically reduced the outbreaks—helping to bring down the overall number of visits to emergency.

As welcome as these developments are, to many frontline workers progress often seems painfully slow. And sometimes, the indignation can be very close to home. Half's 92-year-old father suffers from advanced Parkinson's disease; his mother, in her 80s, is also in failing health. They are in and out of hospitals, and have each spent up to a full day in emergency waiting for a bed. "My parents talk about a health system that was built up by today's seniors when they were young, and how it has collapsed," says Hal quietly. "It's not a pretty picture."

## CASE 2 Stresses in suburbia

North of Toronto, a bustling region copes with its growing pains

By Robert Sheppard  
IN RICHMOND HILL

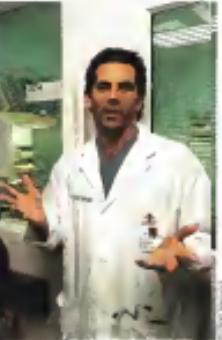
**The good news**, one might last week, is that there are beds available in the emergency ward at York Central Hospital. The week before, there were so many patients on stretchers parading the corridors of the bustling hospital just north of Toronto that doctors had to hook up a one-year-old girl to an intravenous line on the floor in front of the nursing station.

The bad news: many of the 37 patients in the 28-bed emergency department—eight of them lined up against a wall like trucks in a shipping dock—stay as long as four days before a bed opens up elsewhere in the hospital. That is three to four days in a constantly packed, overbooked ICU compensating for the collapse of care from the ambulance bay space with few washrooms, no privacy for family visitors and hardly enough room for nurses, let alone stretchers, to squeeze along the corridor. "We're coping," says Dr. David Wierman, York Central's chief of emergency medicine. "But the situation is almost otherwise. Emergency wards are geared to move people through to the appropriate place. We're not set up for constant care."

York Central, the only community hospital in the wealthy, high-growth suburb of Richmond Hill, has an emergency ward not designed in the early 1970s—to accommodate 25,000 visits annually. This year, it expects 62,000 more—nearly crowding the 2,200 who give up waiting for treatment because of the congestion. Variations of the same scenario have been playing out in over-stressed emergency departments across Ontario for most of the past three months. But the story here is

that volume is not the problem.

This is not an emergency room crisis, say both Wierman and York Central president Frank Lassing. It is a system crisis, caused by the hospital's inability to move non-acute patients, especially the elderly, to appropriate care at home or in nursing homes or other institutions. The frontline staffers call it "bed bango"—the never-ending game of moving patients from one level of care to a lesser one, of convincing



Wierman: a tool designed for 25,000 visits expects 62,000 this year

them to take their chances at home, in order to make room for new arrivals admitted through emergency.

"I have a tremendous group of emergency nurses," says the department's co-ordinator, Dale Smith. "They've gone back to school, they've taken extra courses, they know insurance, emergency codes, how to deal with trauma. But now we're dealing with elderly people over several days with strokes, pneumonia, difficulty breathing and a whole slew of doctor's orders we're not really familiar with. We don't have the monitoring

equipment down here we should have. The intensive-care nurses can't help because their wards are full. It is just wearing everyone down."

Now, bed bango on a regional scale is making things worse as an increasing number of non-acute patients arrive from over-stressed hospitals in neighbouring Toronto. Their visitors drive nearly an hour—only to find them in the tightly packed ward day after day. The distance can also complicate subsequent placement in a nursing home. And the crisis is not simply about facilities—it is a staffing problem, too. "We used to open beds for two days in December when things were really bad," says Smith. "We couldn't find the nurses."

Ontario's "seasonal" emergency room crisis has been developing for 10 years, most people say, through three successive provincial governments. But this year's started earlier than most and has been by far the worst. On one day in mid-December, the emergency departments of 24 of the Toronto area's 25 hospitals were so overwhelmed they were selling incoming ambulances to find another hospital. In the 12 weeks beginning on Nov. 1, York Central was at critical care capacity—rejecting even the most needy patients—for 265 hours. For the entire previous year the total was 10.5 hours.

Lassing sees light at the end of the tunnel. The province has kicked in new money, and hospital staff grew in the past year by 17 per cent. A \$70.5-million redevelopment will nearly double the hospital's 236-bed capacity over the next four years. The first phase—a 116-bed, privately run nursing home—is to open this spring. That will relieve some pressure, but it will take more to eliminate the systemic problems. "It took us many years to get into this mess," says Brenda Inglese, York Central's director of emergency medicine. "A 30-year veteran of the funding was 'It's going to take us a while yet to get out of it.'

But that's about as good as it gets for any shift in emergency at the QEII. Nova Scotia's biggest hospital, where the doctors, nurses and paramedics know workplace stress, keeping it to manageable levels is their challenge. The department handled more than



## CASE 3 Downtown emerg

When there is no slack left in the system, weary doctors and nurses carry the load in emergency

By John DeMont  
IN HALIFAX

A 50th man with a broken kneecap stands behind a drawn curtain. An 80-year-old stroke victim lies quietly in her bed, surrounded by worried family members. A young woman with a left ankle grotesquely shrivelled from a full-shoe gaiter for paddlers. All in all, it is a calm Tuesday evening by the adenaliné-shot standards of any big-city emergency department. Dr. Douglas Sinclair, clinical chief of emergency medicine at Halifax's Queen Elizabeth II Health Sciences Centre, glances at the patient board as he stirs his shift. As is too often the case lately, all 28 of the department's stretchers are filled. Another three patients have been wheeled into a holding area due to lack of space, and eight more are waiting to see a doctor. It is just after 7 p.m., with a long night still ahead, and the emergency ward is brimming at the seams. "We've got some major trauma stacked up tonight," says Sinclair, 44, "with an terrible."

But that's about as good as it gets for any shift in emergency at the QEII. Nova Scotia's biggest hospital, where the doctors, nurses and paramedics know workplace stress, keeping it to manageable levels is their challenge. The department handled more than

74,000 patients last year, averaging 180 to 220 a day—a 12-per-cent increase over 1998. Several local factors contribute to the growth, including a shortage of family doctors taking on new charges and a rising number of older—and sicker—patients. Meanwhile, as in the rest of the country, the number of beds in the system has plummeted over the past decade. The upshot: a logjam in emerg, where beds are lengthening—and where, once made, patients usually spend an uncomfortable night in the bright, airy ward because free beds cannot be found elsewhere in the hospital.

Jerry Boone considers the change she has seen during 28 years of nursing in emergency departments and says: "It has become a frustrating place to work." Small wonder: emergency nurses at the QEII say they are burning out. Or that physicians such as George Kosatz, 57, complain about spending more time trying to avoid gridlock than helping the dozens of patients who flow through on each shift. "Sometimes," he laments, "you have to remember why you went into emergency medicine."

Just outside a set of doors, a recreational hockey player with a gash in his chin checks in at the emergency admissions desk. A worried woman sits at the ambulance bearing her brother—

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## Health Special Report

whose lineage seems to be falling—has arrived yet. From time to time, a pair of blue-uniformed paramedics wheel in a new patient, each one showing a unique expansion of pain, fear or bewilderment. As the paramedic passes through, the ward hums with calm efficiency, with nurses, doctors, intern and medical students constantly crisscrossing the rectangular open room.

The important part of this job," says Marie Crevier, a 10-year emergency veteran in charge of the hospital's nurses, "is being able to tell the difference between someone who is truly sick and someone who is justowell." It is a clinical distinction. Emergency doctors estimate that 99 per cent of the people they see suffer from ailments that could be handled by a family physician, if one were available.

It is with the others that the emergency room makes a difference. With a deaf moan, Kovacs—all worlds away from a rustic Mexican vacation that is to start the next day—realizes the young woman's broken ankle. She screams mortally, then relaxes. Sinclair, meanwhile, orders a spinal tap for a 16-year-old boy with symptoms of what a probably-fit—but could, possibly be the more serious meningitis.

Just after midnight, paramedics wheel in an elderly man suffering acute abdominal pain and yelling that he is dying. Sinclair hauls for the ward's trauma room with a team of nurses and operates. By the time his shift ends at 3 a.m., Sinclair at least knows the man's condition is not life-threatening, but the patient will stay in enough overnight for monitoring. Most of the staff's patients have been ended and released or moved to other wards (four, including the octogenarian male victim and the woman with the broken ankle, will stay put at least until morning)—not for emergency monitoring but because there are no beds available in the intensive-care wards where they belong. Another shift ends, another eight hours survived at the bank, without slipping over. A weary Sinclair sums it up: "There is just no thick in this system."



## Charles Gordon

# A simple solution

We have always assumed that there are certain things that hold Canadians together—the CBC, medicine, *Hockey Night in Canada*. But the nation may be one of those old-fashioned 20th-century ones. Whatever side you are on in the debate about the government's hockey bailout and its subsequent bailing out on the bailout, there is impressive evidence that hockey no longer unites the way it once did. Many Canadians still love professional hockey, but it looks like an equal number don't care much.

That is a disturbing prospect, one that should not be merely accepted but battled energetically. The battle, quite obviously, has to take a different form from the one in which the feds so briefly engaged. As for medicine, another strong institution, we love it, but we keep re-electing governments that undermine it. Which leaves the CBC, an institution under pressure from virtually everyone, including the regulatory body under which it operates.

At an all-channels, there is opportunity. Some of the CBC's different worry about it being reduced to a specialty channel, but that could be for the best. Every channel is a specialty channel in a 509-channel universe. No channel can dominate, no network can be all things to all people. The middle of the road is meaningless now, because the road is not wide and everybody is there. That is even true in the 30-, 40- or 50-channel universe in which most urban Canadians live. The CBC has to abandon the middle of the road, become distinct in order to regain the loyalty of viewers, become, in effect, a specialty channel. The specialty would be Canadian programming, which, when you think about it, is not in evidence supply on our van number of channels.

The notion of the CBC as a specialty channel may seem absurd, but look at CBC Radio, which in other held out as an example of the CBC at its best. If you define a specialty channel as one that caters to special interests—uniquely, where CBC Radio has a long list of specialties. Among them are intelligent talk, alternative rock music, classical music, jazz and country. Private radio has almost none of these in most places. At a small, CBC Radio, while not always the ratings leader, has a large group of passionate listeners, one CBC television would envy. Don't underestimate the role of talented people in making this happen, but don't forget also that CBC Radio is not forced to operate in a commercial environment. It does not have to rely on selling ads to stay alive.

The main thing wrong with commercials is not the commercials themselves. It is that selling them, as CBC TV must now do, means going after the largest audiences. Going after

the largest audience means turning, for the same middle ground as everyone else. In practical terms, that means either broadcasting the American programs that attract the wider audience or making Canadian programs that closely resemble the U.S. programs. That is a simple fact of North American commercial culture and the environment in which the CBC has been forced to operate. Government policy has required, not exactly that the CBC pay in over way but that it pay more of its own way than ever before. That means putting money ahead of quality. Everybody crowds into the middle of the road, in the shopping centres, in the supermarkets and on the television dial. Everybody tries to do what everybody else is doing. Only when the CBC is free of the tyranny of the ratings can it concentrate on Canadian drama and the kind of regional programming that the CRFC seems to favour.

The CBC can do all that, but only if it doesn't have to sell the commercials. If the government really wants the CBC to follow the CRFC's advice, it has to recognize what the advice means. It means, don't worry about the commercials. Then, and only then, can the CBC drop the American movies, get out of sports (except for *Hockey Night in Canada*) and concentrate on bringing viewers something they can watch nowhere else.

To do so will not mean giving up completely on large audiences. Programs such as *The Hobbit* 2003 and *Alloy Goddess: An Asura* have ratings going now. The Green Gables stuff and hockey playoffs will do well, too. Beyond that, it is possible to attract respectable audiences with action dramas like *Die Hard*. A well-crafted costume show with a strong sense of place, in this one Vancouver. And it is possible to attract smaller but loyal audiences with diverse comedy that is allowed to break free of the Hollywood formula. That freedom is what gives CBC Radio its loyalty, and that loyalty keeps CBC Radio free of the kind of pressure that has hurt CBC TV.

The freedom has a price—mainly, giving the CBC more money, an idea considered outdated near the end of the past century but whose time may have come again. The CBC certainly is not what the CRFC wants it to be and will be a commercial network if it is not to be a commercial network, it needs money to replace the commercials.

In the context of the government's fiscal rules, a larger investment in the CBC is an affordable risk. However briefly, the government showed itself to be prepared to fork over vast sums for hockey, one aspect of Canadian culture. So why not fork over something for the CBC, one Canadian institution that, whatever its other faults, is not threatening to move to the United States?

Charles Gordon is a columnist with The Ottawa Citizen

# Blue Rodeo, riding high

The popular band is back with a great new album, a TV special and a tour

**When Wayne Gretzky** was inducted into the Hockey Hall of Fame at a gala ceremony last November, only two artists were asked to perform: Stompin' Tom Connors and Blue Rodeo's Jim Cuddy, who plays pickup hockey throughout the winter with a group of musicians, including members of the Rheostatics and the Tragically Hip. The induction stands as a career highlight. But the 44-year-old singer-guitarist says he's still a bit embarrassed about how he actually got to meet the Great One. "I jerked myself on him at the end of the night," recalls Cuddy, still shaking his head in disbelief. "Everyone was getting their picture taken with him and I just jumped right in. He was very gracious about it, but I'd tapped him between a guy in a wheelchair and the wall. What was I going to do?"

Cuddy had a better encounter with Connors, who paid him and Blue Rodeo the highest compliment. "He told me, 'You guys have done well and stayed Canadian.' That really means something coming from a straighthoof Canadian guy like Tom, who's absolutely revered by people from coast to coast."

So, too, is Blue Rodeo. Aside from the Hip, no other working Canadian band can boast as large and loyal a following. Over the course of 15 years, the Toronto-based, country-rock group—led by Cuddy and singer-guitarist Greg Keelor—has garnered five Juno Awards and sold more than 2.7 million albums, while headlining popular national tour



Check out from cover front: Cuddy, Donovhan, Greg, Egan, MacKinnon, Keelor. The latest CD is their best yet

such as last year's *Starlight Picnic*. At the same time, Blue Rodeo has weathered the storms of personnel changes, health problems and solo albums by Cuddy and Keelor that seemed to threaten the band's future. Now, after the success of last year's double live album, *Just Like a Hurricane*, which enjoyed platinum-level sales of 100,000 copies, Blue Rodeo is back stronger than ever. The group—which includes founding members Gordie MacKinnon, keyboardist James Gray and pedal-steel player Bob Egan, who recently replaced Kim Descharnes—is currently in the midst of a 42-city na-

tional tour (international dates will follow). Blue Rodeo has just released its eighth studio album, *The Days in Between* (Warner). Confident, cohesive and full of concise, pop-oriented hits, it is easily the band's best work to date.

Blue Rodeo's longevity and creative evolution can be traced to its leader-sangwriter partnership, in which Cuddy plays yin to Keelor's yang, tempering his partner's dark, rough edges with a smooth and sunny sweetness. Those contrasting styles have never been more apparent than on *The Days in Between*. Produced by Trina Shoemaker (Sheryl Crow, Emmy Lou Harris) at David Lanou's Sunray Studio in New Orleans, it features the driving, Beatles-esque pop of "Begging You to Let Me In" and the brooding, Dylan-like country flavour of "The Seeker." Meanwhile, "Sad Nights" is a perfectly etched, bitter-sweet ballad that is every bit as good

as "Try," the group's best-known, Janis-winning single.

As a recent entry for a TV special on the band, which CBC will broadcast on Feb. 27, Blue Rodeo performed many of the new songs, as well as a few of its classics, with energy and a sense of fun. The audience included Cuddy's three children with his wife, actress Rena Polymeri—Devlin, 13, Emma, 11, and Sam, 7. They are steady among the band's most ardent fans. During the 30-song set, they frequently sang along and participated in the playing instruments themselves. "I love the fact that my kids are so comfortable in that setting," says Cuddy.

"They like the music and like to be around me at work. I take them with me whenever I can."

Cuddy and Keelor both credit *Like a Hurricane* with bringing about a renewed focus for the band. "The live album was a laborious act of examining ourselves," Cuddy says over lunch in Toronto's Yorkville district, "of listening to hundreds of hours of our recordings, all the long, drawn-out solos and endings. After that, there was no way we were going to make an unfocused record." Keelor adds in a separate interview that drummer MacLean played a crucial role in deciding the album's content. "Glenfield everything from editing lyrics to choosing the songs, which was great because Jim and I being two singer with two different points of view, often reach an impasse."

Cuddy has another theory about Blue Rodeo's renaissance. When Keelor released his solo album, 1997's ominously titled *Give*, Cuddy found that his partner was contemplating leaving the band. In response, he recorded his own solo album, 1998's *All or Else*, which, he says, boosted his confidence in his ability to write songs for the band. Keelor, 45, who lives alone on a farm near Peterborough, Ont., admits that he once considered quitting—but on account of illness, not unhappiness with Blue Rodeo. In 1995, he fell out of a loft in his barn and suffered head and back injuries as well as several cracked ribs. Some nine later, he experienced complications from diabetes. Physical and emotional distress led him to visit a spiritual adviser named Pippa in India. "I had always wanted to go to India and had always been fascinated with the whole paradigm," says Keelor. "I've now been there twice in a row. It's sort of like Club Med for the head." Keelor says he is now healthy and fully committed to the band. "We've always concentrated on writing songs and playing music," he says. "After all those years, that still motivates something in us."

Nicholas Jennings

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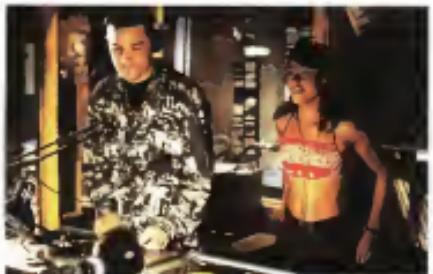
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## The groove tube

The small screen unleashes its first hip-hop drama

### Drop the Beat

CBC, Mondays at 9:30 p.m., series runs beginning on Feb. 7

**Cloistered away** in a recording studio, rappers Michie Mae, Bishop and Shirley Dynasty engage in an impromptu rapping duel, known in the hip-hop community as "freestyling." A casual yet competitive mood fills the room as they trade playful insults. "You talk like a flipoff," Shirley Dynasty says, "but you're more like a poser." The first drama is a choice of laughs from the rappers and sound engineers. This exchange is just a small part of what it comes to be a milestone for Canadian music—the world's first hip-hop series, *Drop the Beat*, which CBC-TV is premiering on Feb. 7. Hip-hop music gets little exposure on the country's mainstream radio, let alone television. And as the 25-year-old Michie Mae sees it, "There is going to be a healing measure for a lot of Canadian artists."

The 13-episode drama, set in a university radio station, is the brainchild of two Toronto-based producers, Juan Landman and Adrienne Michell. The pair, in conjunction with Alliance AdAsia Com- munication Inc., blazed the show last fall and cast many of Canadian hip-hop's top playground deejays, including Michie Mae, Choclair, Macario, Red 1 of The Rascals, and Shantara. *Drop the Beat* explores many of the issues that face the country's rappers: money, drugs, lack of supply and an inability to differentiate itself from American hip-hop.

Hip-hop fans both north and south of the border will be able to access *Drop the Beat* online. At its Web site ([www.wideopenlive.com](http://www.wideopenlive.com)), they can listen to half-hour radio broadcasts from the fictional station. Meanwhile, a *Drop the Beat* compilation CD is due out on Feb. 29.

The series follows the exploits of two young hip-hop producers in as they try to make a hit out of their once-weekly campus radio show, *Drop the Beat*. Dennis (Mervin Mondale) is a heretic who believes in shaking up the establishment. Jeff (Mark Mall) is a calculating business major who wants to change the system from inside. The program's star rapper, and Jeff's love interest, is Dene (Michie Mae), who is trying to launch her own group, Project Flow. *Drop the Beat* contains all the usual drama—

Shantara (left), Michie Mae, racism, lack of supply

music devices—sex, sugar, family tension—but these plotlines are filtered through the world of hip-hop.

Landman and Michell spent two years researching hip-hop music and culture. They interviewed producers, rappers, deejays and fans. It is an approach they based working on documentaries such as *Table 16*, their award-winning 1991 feature about a group of Toronto teenage girls, and the dramatic series *Straight Up: In Drop the Beat*, the research pays off dividends. In the episode called "Public enemies" (Feb. 7), Jeff and Dennis are arrested for talking back to a local politician. Most producers would make the office white, but Landman and Michell cast an older black actor.

"That came out of our research," recalls Landman. "A young man who wears dreadlocks told us about being taken aside by a black officer who chastised him for letting his people down. The older generation find that they are losing control." As a result, the show goes beyond black-blade tensions and explores uncharted TV territory—the generation gap in the Canadian black community.

To rappers such as Michie Mae, *Drop the Beat* is a way to connect with audiences across Canada. Prior to the series, touring was the only way for a Canadian hip-hop artist to win national recognition. Radio's unspoken critique has discouraged many Canadian rappers. Michie Mae, who began rapping at 14, signed with a U.S. record label, but "the financial building was never there." The question was, "How can we get this to the mainstream?" *Drop the Beat* might be the "way."

It is an ironic time, one that would avenge any self-respecting rap per Canada, a country that has replaced in own hip-hop community, will bring the first hip-hop democratic series to the rest of the world. "Usually," says Michell, "you get, 'Oh, that's just the Canadian version of an American show.' But that just isn't the case. Canada got there first."

Andrew Clark

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## Obituary

### A literary gem cutter

Anne Hébert's writing was 'fine and rare'

By Sheila Fishman

**T**HERE was no ceremony in Montreal to mark her passing, a public event at which readers could come together to mourn and remember about the writer they admired. Yet since Anne Hébert's death from cancer at age 83 on Jan. 22, a bitterly cold day, she seems almost more present than when she was still among us here in Montreal, the city she returned to from Paris three years ago.

Readers feel that they know her, despite her well-known (and respected) desire to live a private and quiet life. And they feel close to this great poet and novelist who has also left us remarkable plays and, it has just been announced, the libretto for an opera for children, because much of what she wrote about speaks to us all: the ambivalent relations between mothers and daughters, for example, or the difficulties of loving that few couples escape.

Hébert also wrote magnificently and unromantically about childhood, the who had decided early on that she would not marry or have children, choosing to devote herself entirely to writing. From her early breakthrough short story, "Le Témoin" (The Tether), to her first novel, *Un Héritage de l'amour* (Inheriting a Love), a child or adolescent was often the central character. Yet these are not conventional children, far from it. In "Le Témoin," the boy Frédéric says of his mother that she "spoke to me only to reprimand me, reprimand me." And though the violence that concludes the story is inevitable, it is neither futile nor sensational.

And that may have been Hébert's greatest strength as a writer. She vented into the darkest, most violent areas of the

human soul, yet she makes us acknowledge that the darkness, even the violence, are part of our condition and that we must accept them if we hope to know ourselves. In *Un Héritage*, the central figure is Magali, a rather dreary young boy, repository of all the ambitions and yearnings of his mother, Béatrice, a Paris concierge, who longs for a life of gaiety and beauty. Mother and son become two sides of an odd amorous triangle—again, the difficulty of loving.

In everything the wrote, Hébert and the French language take something fine and rare, her style a never precious or pretentious, but luminous and pure. Every word she used was necessary and right. And her prose is well in her poetry lyrical and hymnic, whether she is evoking the early days of the colony in New France, as in the novel *Le Forêt Gourde*, or a dramatic descent into the depths of human consciousness in her landmark poem "The Tomb of the Kings."

For some 40 years, Anne Hébert made her home in Paris. But while several of her novels are set in that city or elsewhere in France, she was deeply rooted in her native Quebec, particularly the city of Quebec and the countryside around it, including her birthplace, Ste-Catherine-de-Foyasabre. There again she evoked the rivers and the great St. Lawrence, the famers' fields and the wildflowers, the birds, even the isolated farmhouses surrounded by their galleries that must have been the site of early and lasting memories. The



The author, filled with compassionate curiosity

best-known of her Quebec-based novels is undoubtedly *Kimonoobie*, later made into an acclaimed film by Claude Jutra.

Hébert's great achievement will be part of our human experience as long as fine writing is admired and read. Her name has been given to schools in Vancouver and Sainte-Foy, Que., and, most amazingly, to her home town library, henceforth the Bibliothèque Anne-Hébert. During her lifetime, she moved virtually every award and honour available to great writers and artists, including three Governor General's Awards and France's prestigious Prix Femina. It has been quite reasonably suggested that she would have been a candidate for the Nobel Prize.

I had the privilege of translating six of her novels and am now working on the last, it strikes me like the work of a young writer at the height of her powers, filled with compassionate curiosity about the human experience, such words set down like a jewel and every page infused with light.

*Sheila Fishman is a Gouverneur General's Award-winning literary translator.*



Joseph Fiennes  
as Shakespeare  
in *Love's Labour's Lost*

## Millennium man

An engaging biography re-creates Shakespeare

By Brian Bethune

**After five years** of "living with the blurb," biographer Anthony Holden cheerfully admits, he could have done better with the writing of his new book, *William Shakespeare* (Farrar, \$36.95). The Bard's last days of glory show no signs of slowing. The past five years have seen a half-dozen film adaptations, not to mention the 1999 Oscar winner *Shakespeare in Love*—a movie actually starring this man. This year brings director Julie Taymor's *Titus*, a critically acclaimed version of a play even the hard-boldest had preferred to sleep under the rug. In Britain, recent polls name him Man of the Millennium and named *Hamlet* as the era's masterpiece, surpassing even *Berthoven's Symphony No. 9* and Michelangelo's Sistine Chapel. It has turned out to be the perfect climate for

a popular biography. Holden says, the fact in three decades, written in accordance with his guiding credo "Every generation has the right to re-create Shakespeare in its own image."

For Holden, the author of biographies of Laurence Olivier, Tchaikovsky and Prince Charles, that re-creation naturally entails a thorough rehashing of age-old disputes over aspects of one of the most examined lives ever lived—Shakespeare's sexuality, for instance, or his youthful deer-preaching habits. But what makes Holden's new life both informative and engaging is his boundless enthusiasm, his thoughtful grasp of recent scholarly work and his courageous attitude. Holden is conspicuously disinterested in the anti-Shakespearean, the colonies name given to those who believe that plays of such astonishing artistry must have been written by someone—

anyone—other than country bumpkin William Shakespeare. Holden dismisses the "mild-must, class-moderate" (in more seven paragraphs) He exhibits an even deeper loathing for academic shagreen, whom he accuses of becoming so bagged down in disputes over such minutiae as Elizabethan tooth-brushing habits that they have lost track of their subject. Holden singles out a 1958 biography for suggesting Shakespeare delayed publishing his sonnets until 1609 to avoid scandalizing his mother, who died the year before. "Typical ivory-tower thinking," he told *Maclean's* in a recent interview. "It wasn't like that then. An author didn't send off a copy of his new book to his mom to put in the women's institute so the other mothers could say"—here Holden adopts a voice like that of a *Marty* Python character in drag—"Ooh, look your boy's doing well!"

It's a somewhat ungracious rant considering Holden's own debt in the work of professional historians. During the Bard's so-called last year—from 1578, when the 15-year-old William can be expected to have left Stratford grammar school, to 1592, when he is first mentioned as a London playwright—Shakespeare appears only three times in the historical record. There is his 1582 marriage to the pregnant, 26-year-old Anne Hathaway, and then baptisms of his daughter, Susanna, six months later and his sons, Hamnet and Judith. In 1585, Holden's theory of what young Will was up to before he joined the theater: his family, secret Roman Catholics in an era when adherence to the old faith was a crime punishable by death, had sent him 175 km north to safety in Lancashire, where his son, Hamnet, was born to be "friendly unto William Shakespeare now dwelling with me."

Despite his careful work on this case, Holden is hardly likely to ever be accused of ivory-tower thinking. The former journalist has been an intense bulldog for years—he is now 52, Shakespeare's age at death, as Holden himself points out—

and he clearly wants to believe any colorful detail he can about the poet. But he rejects the idea that Shakespeare was gay or bisexual, a widely adopted modern view shared even by American critic Harold Bloom, who thinks only three facts about Shakespeare can be gleaned from his plays: "He did not like lawyers," Bloom writes in *Shakespeare: The Invention of the Human*, "preferred drinking to eating and evidently hated both women."

Holden says the concept arises from a mistaken reading of the sonnets addressed to the "fair youth," the famously handsome Earl of Southampton. But in Sonnet 20, the poet makes his own preferences clear with a coarse Elizabethan pun on "pox," which wills the Earl. Holden argues, that "you are of no small use to me."

However, like Holden, most of us have a narrow road, incoming academic caustic while chasing previous biographers for letting "their imagination ran riot," he can be pretty nitpicky himself. Writing of King John, Holden finds the venue on the death of young Prince Arthur as moving—as sad—as he adjusts the date of the play's composition to after the death of Shakespeare's own son, 11-year-old Hamnet.

That is exactly the experience shared by thousands of readers who have been moved to conclude that the Bard must have served as a soldier or felon, sailor or lawyer, doctor or stable boy, so expert are the plays' references to those trades. Holden is nafish but unapologetic when reminded that most scholars place the writing of *King John* before Hamnet's death. "Oh, you're just making it hard for a biographer," he says, throwing up his hands.

Holden acknowledges that nothing is missing from his biography. "I often wonder, do you ever know how good he was? I still don't know that, or how he did what he did, how to explain him. He was so unfriendly adaptable." Just like his life.



Holden, wondering if the Bard knew how good he was

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# Body—and soul—language

*The Overcoat*, a hit show from Vancouver that speaks volumes without any dialogue, goes on a cross-country tour

By Chris Wood

Maybe it was growing up one of seven children in a family he describes as "volatile." Maybe it was doing so in Edmonton, the country's most northerly provincial capital, in the 1960s. Or maybe it was growing up in Edmonton in the 1950s too. But there'sundeniably a dark and sombre streak to Morris Panych. "The first major event I attended," says the award-winning actor and playwright, now 47, "was my grandmother's Ukrainian funeral. It lasted three days. I went home and did that funeral 800 different ways in the basement."

This is not to suggest that *The Overcoat*—the unique Panych-Wendy Gorling theatrical creation that took over this month after wowing audiences in Vancouver—is a black. It is anything but, although maddeningly difficult to categorize. Based on Nikolai Gogol's story of a lugubrious Everyman (Peter Anderson) whose scrupulousness leads in an all-to-sudden fall, it is a bawling and funny song tender and acid—a 90-minute tour de force accompanied by the music of Dmitri Shostakovich. The George Street offi called it "particularly delicious eye-candy." Yet, it is also a musical without a single song, a narrative without a word of dialogue (or monologue, for that matter). What lead actor Anderson and his supporting cast of 21 do is not exactly dance, or mime,



Peter Anderson (left), Gorling: estate review

or, in a conventional sense, even act. It is a kind of fluid combination of all those things, a wholly unscripted entertainment that speaks in the slang of gesture and syntax of body language.

Whatever it is, it works—solidly in its first run at the Vancouver Playhouse in 1997; it ended a four-week run with sold-out houses, and some critics tapping even themselves to find superlatives. *The Vancouver Sun* called it "a triumph, an inspiring piece of theater." *The Globe and Mail* termed it "Dazzling, hilarious, enchanting, beautiful and haunting. In a word, spectacular." This month's tour of *The Overcoat* is the Playhouse's first cross-country presentation since George Street's *The Essay of His* travelled through Canada in 1967. The show plays Toronto's St. Lawrence Centre from Feb. 14 to March 18, the National Arts Centre in Ottawa from March 22 to April 8 and Winnipeg's Manitoba Theatre Centre from April 12 to May 6.

Panych is no stranger to the rest of Canada. His plays, including *7 Seven* and *Vigil*, won acclaim when they were mounted in Toronto. In 1994, he won a Governor General's Award for his drama, *The Ends of the Earth*. A different audience knows his face, if not name, as the Grey-Haired Man, an assassin who shows up from time to time to challenge Mulder and Scully on *The X-Files*. As a director, he has put his hand in the past three years to both *Hamlet* and *Samson*

## Gone to their celestial ballroom

**Heaven**  
Photos and directed by  
George F. Walker

The **so-called** little park could be in the can of any North American city. There's a picnic table and an aluminum lampost. Nearby rises the smoky back wall of a church. A headstone holds a mass of poison, including one that

read, "Terror in Chechens." That is George F. Walker country, far from the safety of gauded cathedrals—a place where infant kids and addled hang out. In *Heaven*, Walker's powerful, darkly hilarious new play (running until March 12 at Toronto's Canadian Stage Theatre), the park becomes the sprawling ground of a crassly human-rights lawyer called Jimmy (Jon White). Like Diogenes, the Greek philosopher who lived in a barrel, Jimmy abounds family and bourgeois niceties to become a

down-in-the-heel street sage.

In more than 25 plays, from *Bitter Living* to his most recent hit, *Sophomore Mist*, Walker has plied a uniquely compelling combination of anger and humour, and in the process become Canada's most internationally produced playwright. *Heaven's* Journey rages outrageously against the excesses of virtually every racial, national and religious group he can think of, including his own (he is of Irish-Catholic background). The audience feels sympathetic—and falls



Scene from *The Overcoat* with Anderson (center) as a toro-like fiend that manages to be bawling, funny, acerbic, and

Raid. But in his collaboration with Gorling on *The Overcoat*, Panych has pushed his art to new levels.

It is a long way from the basement in Balaclava where he imagined his grandmother's funeral. His machinist father, Peter, and homemaker mother, Adele, presided over a household. Panych says was living hell: "They both had pretty dark sense of humour," he recalls. While attending Aurora O'Brien High School, Panych developed early passions: classical music, and the marching band he created and led. Yet he was not really funded and hence relied mainly on the humble luxuries—mostly 70 of them—along with two or three bass drums and a half-dozen snares.

Following graduation, Panych decided to try broadcasting. After getting a diploma in radio and television from the Northern Alberta Institute of Technology, in 1975 he was

strapped into Walker's trap, for he has the trick of exposing people to their own prejudices. *Heaven* is Walker's latest play, yet, thanks largely to the presence of a rogue cop, Karl (a scruffy Wayne Best), Karl is death-squad material. By the end of the play he's killed off half the six-member cast, including Jimmy's wife, Judy (Nola Auguston).

Not to worry, though, for all the

people who die in *Heaven* go to heaven, where they get to act out their favourite fantasies. Judy and a murdered street kid, Deck (Jed Gordon), turn into grandfatherly, ballroom dancers. It's all part of Walker's satire on the notion of heaven—or any such fantasy that encourages good behaviour by the promise of future bliss. Created by White's subtle and moving Journey, *Heaven* implores us audience to get real and confront the Karl side of human nature—or face some very nasty consequences.

John Beadle

to work for the CBC. Radio station in Edmonton. "I would sit in front of a radio console in a dark room with a clock," he remembers. "It was horrible. Not only were you wasting time, but you were wasting it being wasted." Soon, Panych moved to Vancouver to take a fine arts degree at the University of British Columbia. After two more years of study at the E 35 Acting School in London, he arrived in Vancouver in 1979. One of his first roles was in Martha Nussbaum's *Getting One*. He played a drugged-out lecher, Catherine Shaw, now director of the Vancouver theater school Studio 58, directed Panych in the role. "He had this incredible edge," she recalls, "but underneath was all that vulnerability. You knew that his mind was beyond that of a scene, he was seeing more."

Panych worked steadily as an actor, working out the most exuberantly roles and collaborative productions. He was an early participant in *Theatreports*—a sort of competitive improv that made Vancouver's theatre scene in the 1980s. In the same decade, he played a role in a popular adult suspension-slapstick-comedy, staged live, called *Wer Eul*. In weirdly inimical relations with unscripted scenarios that left it up to the actors to improvise dialogue and action. Also in the cast was Wendy Gorling.

Panych and Gorling began to work with each other in the early 1990s, when they were both teaching at Studio 58. Gorling, a native of St. Catharines, Ont., was an alumna of the famed Jacques L'Coq School in Paris, where she studied "theatre name," a rare renascent form of the art. And a was Gorling's training in movement that brought Panych to her door. Interested in setting performance pieces to music, he enlisted Gorling's knowledge of the language of gesture in

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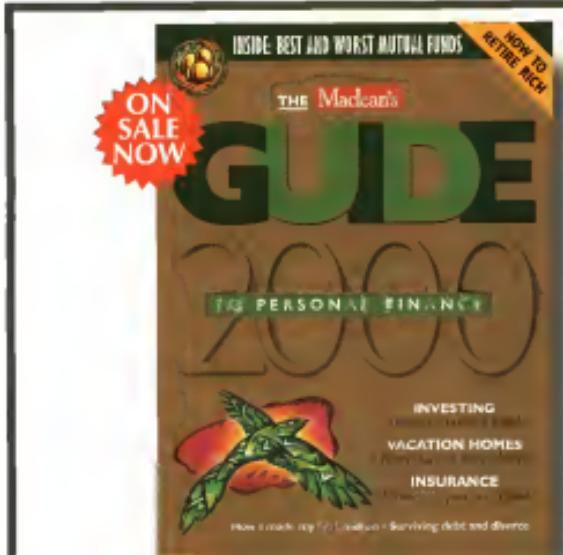
# Theatre

help him develop the new form, at first as a novel exercise for students. But the two discovered a synergy in their combined talents that neither could have known. Together, Panych and Gorling eventually produced several world-class performance pieces at Studio 58. Deeply impressed by those initial adventures, Glynnis Leyshon, the newly appointed artistic director of the Vancouver Playhouse—British Columbia's senior live stage—commissioned a full-length work from the pair for her first season, in 1997.

Working together, Panych and Gorling adapted Gogol's bleak parable into a stage story far richer and more emotionally satisfying—to say nothing of sexy—that the original. "Mohri and I have the same sensibility," says Gorling, "the same taste for the luxuriance of movement." The sensibility is carried through in the broadening quality of the show's set—evocative of turn-of-the-century factories and Icarian sunsets—designed by Panych's longtime partner, Ken MacDonald.

But even if Gorling shares Panych's dark streak, it is clear which artist embodies the larger canvas. It was Panych who set what he calls "the parameters" of their collaboration, the meeting points of Gogol's story and Shostakovich's music. With his successful staging of various plays, and in 1997, of the contemporary American operas *Susannah* (for which Gorling served as assistant director), Panych has commanded a reputation as a "mimp director," says Bill Millard, whose Arts Club Theatre has produced several Panych productions. "He writes, he dances, he acts. He's brilliant." Panych offers a more modest self-assessment: "You have to learn failure as a director and as a writer," he reflects. "To still learning."

Faith, death and madness, in fact, are frequent themes in Maria Panych's writing. For as every Russian knows (and perhaps most Ukrainians), life is just a matter of whistling past the graveyard anyway. In their adaptation of Gogol's short story, Panych and Gorling have, at the very least, dressed up the age-old tale with some dazzling new fireworks. ■



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Allan Fotheringham

## Where history meets art

There is only one solution, for a scribbler, when caught in America during a presidential election year. Since the candidates, the usual suspects, have already been running for almost 12 months, the sensible voters even now are bored with them.

The solution, then, is to get as far away from the action as possible—and westward into the past. The most isolated and underpublicized place in the country is Santa Fe, 2,300 m high in the purple mountains of New Mexico.

Everything is old in Santa Fe. The Spanish arrived here before the pilgrims landed at Plymouth Rock. The great pink adobe former City Hall is the oldest public building in the United States. America's oldest Madonna, a 31-inch statue of the Virgin Mary called *La Conquistadora*, is in the Rosarioque-style St Francis Cathedral. It was brought here from Mexico City in 1625 and is the core of the Santa Fe Plaza that's been held annually since 1772.

D. H. Lawrence, that dirty old man, is probably responsible for its charm today. Some time between the wars, he discovered the beauty of the place and wrote about it so passionately that it attracted fellow romantics. The curious English founded a writers' and artists' colony—fascinated by the rich mixture of Spanish, Mexican and Indian culture.

Today, among little, beautiful little Santa Fe is the third-largest art center in the United States of America—after New York City and Los Angeles. A plush guidebook lists, under "downtown" Santa Fe, 68 galleries, studios and boutiques.

One of those is the classy Mendoza-Kelly Latin American Fine Art, just off the main Plaza. Mary Kelly, from Ottawa by way of Toronto, moved here, opened a gallery and named it after her daughter, a rising TV star at CFTO in Toronto. Currently advertised is a work by Diego Rivera, Mexico's Picasso. Price? You don't want to ask.

That's not to mention Canyon Road, the "art and soul" of the town that doesn't have a highrise or a neon sign and seems to have it all. McDonald's Canyon Road, based on an old Pueblo trail, winds between the Santa Fe River and whispering evergreen trees.

There are 85 galleries side-by-side, ranging from very impressive sculpture (my art expert tells me Canadians are too sentimental to appreciate sculpture to block a sign in

one cowboy-belt-pant advertiser: "ONE DAY IN 1859 ON THIS SITE NOTHING HAPPENED")

What is intriguing to the scribbler, who has been wondering recently in the Inca ruins of Peru, is the obvious link of "primitive people"—the Incas of South America through the Aztec empire of Mexico north to such outposts as Santa Fe.

In Chaco Canyon, the centre of the Anasazi way of life, there are the remains of magnificent architecture, an obvious product of an indolent people who flourished from the mid-800s to the 1100s. There are multi-storyed villages of the Chaco culture connected by a well-engineered road system.

The scribbler can see, in the wonderfully preserved ruins, images of that magical Machu Picchu discovery high on a Peruvian peak. And these were the primitives?

Consistently, there is a wake-up call for a scribbler who is a Canadian, from a land that throws out endless millions in a native population because of a collective gulk complex.

At Gallup, west of Albuquerque, there is a magnificent 180-square-mile mesa covering the width of the McKinley County Countryside. It was commissioned by Franklin D. Roosevelt's New Deal, trying to drag his nation out of the Depression of the Dirty '30s.

The mesa paints the history of New Mexico and the southwest from prehistoric to modern times. It brings to life the ancient Indian cultures, the arrival of the Spanish, the Pueblo Revolt of 1680, the gold rush and the coming of the railway—the fabled Santa Fe.

The scribbler wonders, as he wonders about his own country's confused, meandering spike about its native people. When the Spanish conquistadores arrived in 1540, they began against heretics of the pueblo Indians. It wasn't until 1748 that the governor finally decreed the native Indians would be allowed to rebuild their homes.

The Zuñi, who abide on the largest Pueblo Indian reservation in New Mexico, descendants of the Anasazi who have stood their ground against Spanish domination, still live and land above, now at 75 per cent of their income from their crafted turquoise and silver jewelry.

A small dose of reality? Just a quick jump away on a meseta is Los Alamos, where they built the first atomic bomb. This was called progress.



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